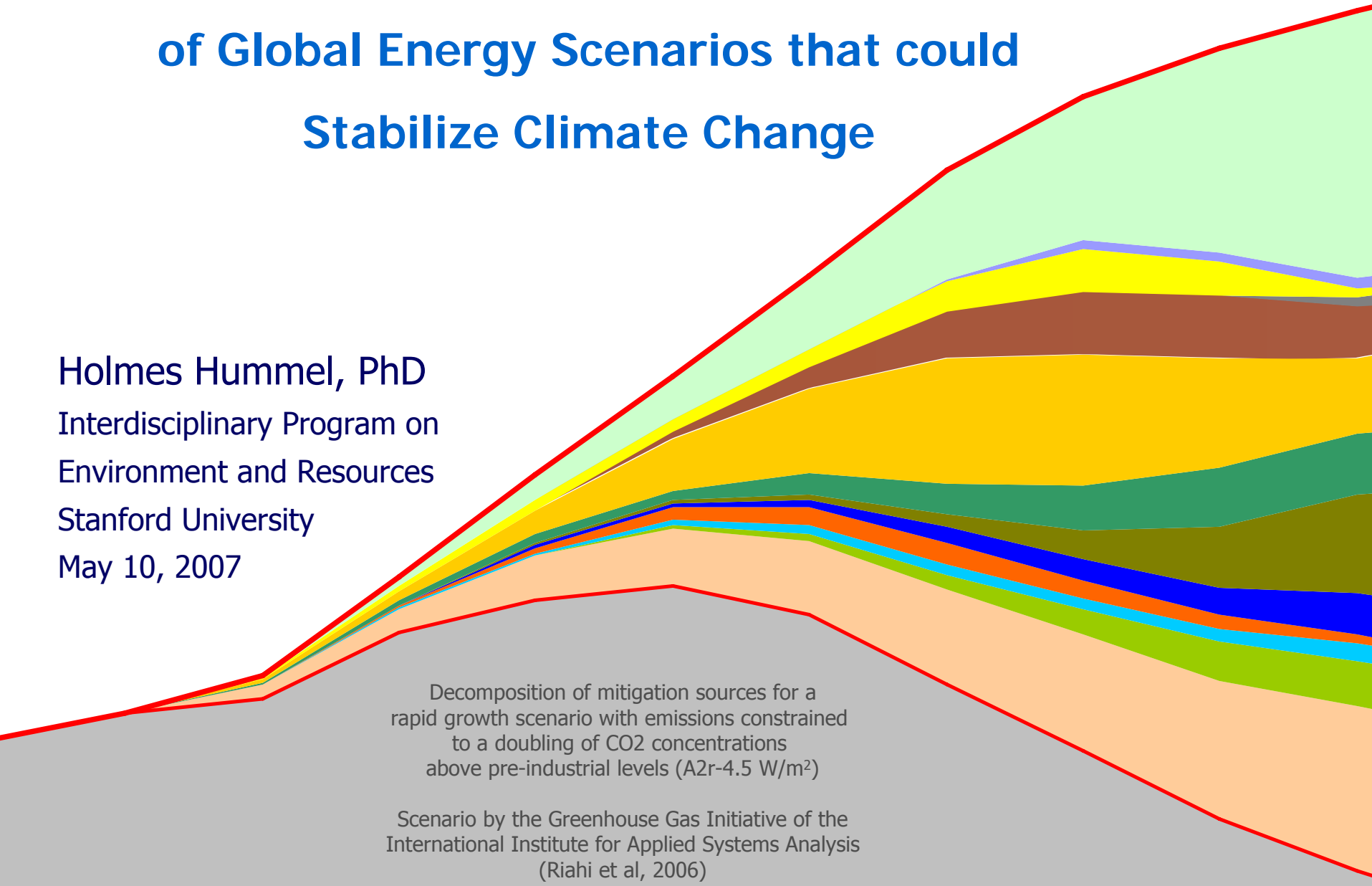


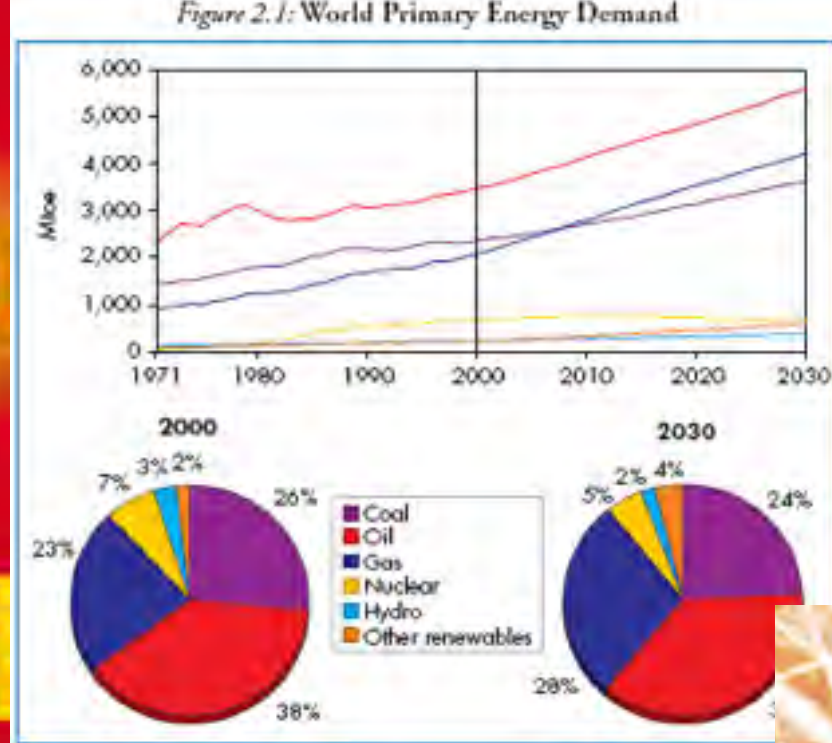
Discerning Technology & Policy Implications of Global Energy Scenarios that could Stabilize Climate Change

Holmes Hummel, PhD
Interdisciplinary Program on
Environment and Resources
Stanford University
May 10, 2007



Decomposition of mitigation sources for a
rapid growth scenario with emissions constrained
to a doubling of CO₂ concentrations
above pre-industrial levels (A2r-4.5 W/m²)

Scenario by the Greenhouse Gas Initiative of the
International Institute for Applied Systems Analysis
(Riahi et al, 2006)



According to the IEA in 2003,
investment needed thru 2030 is **\$16 trillion...**

**At least \$10 trillion for fossil fuels
and their delivery infrastructure...**

**Scenarios of many types
powerfully shape
perceptions about the future
that frame near term decisions.**

"2 billion people will still
be without electricity..."

"We need to double the
nuclear power capacity..."

"We need technologies
that don't exist yet..."

"Stabilizing
climate change
requires..."



INTERNATIONAL ENERGY AGENCY

WBGU

German Advisory Council on Global Change
(WBGU)

ENERGY TECHNOLOGY PERSPECTIVES



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



Climate Change 2007: The Physical Science Basis

Summary for Policymakers

Contribution of Working Group I to the Fourth Assessment Report of the
Intergovernmental Panel on Climate Change

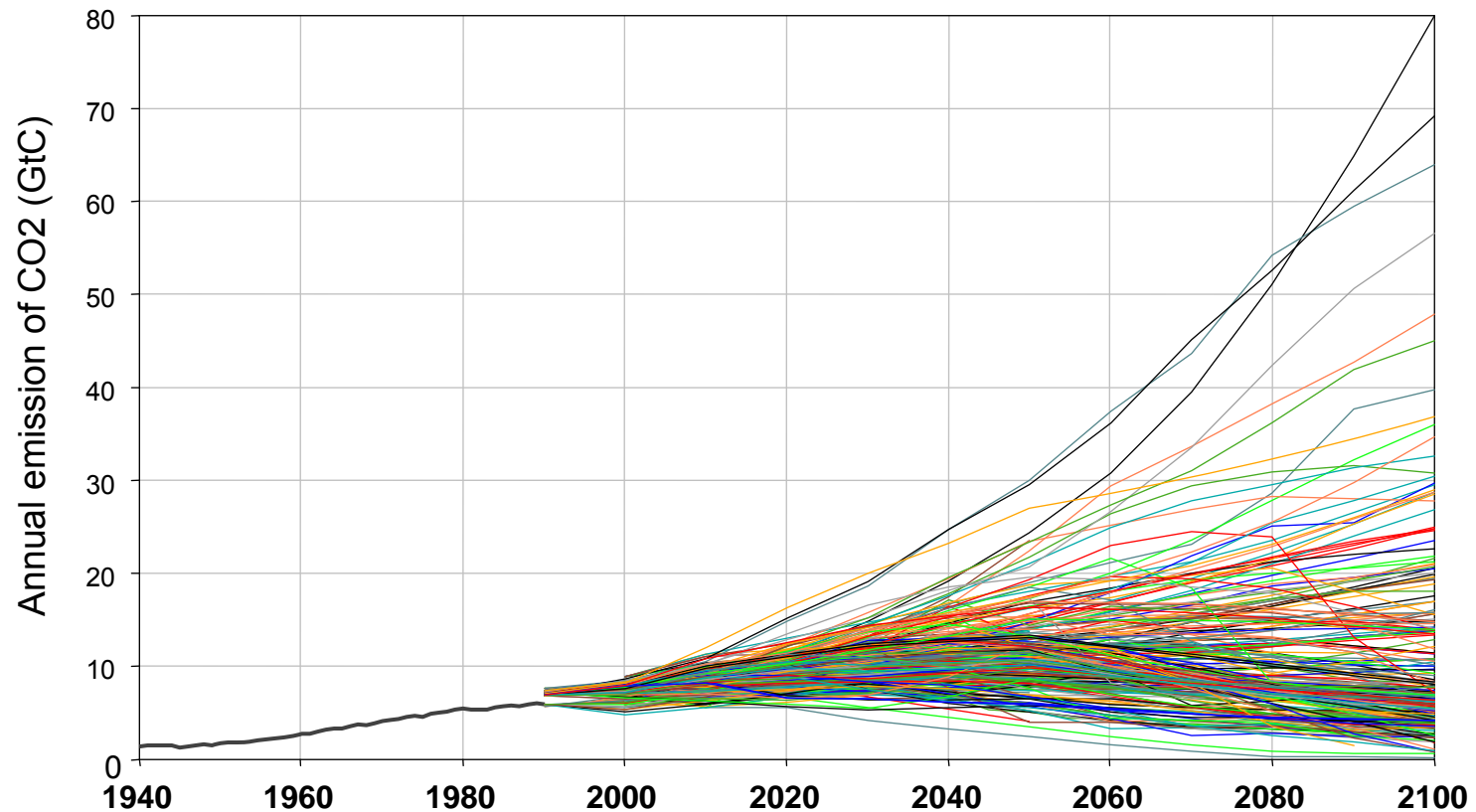
Special Report on Emissions Scenarios



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



Scenarios for Global Carbon Dioxide Emissions



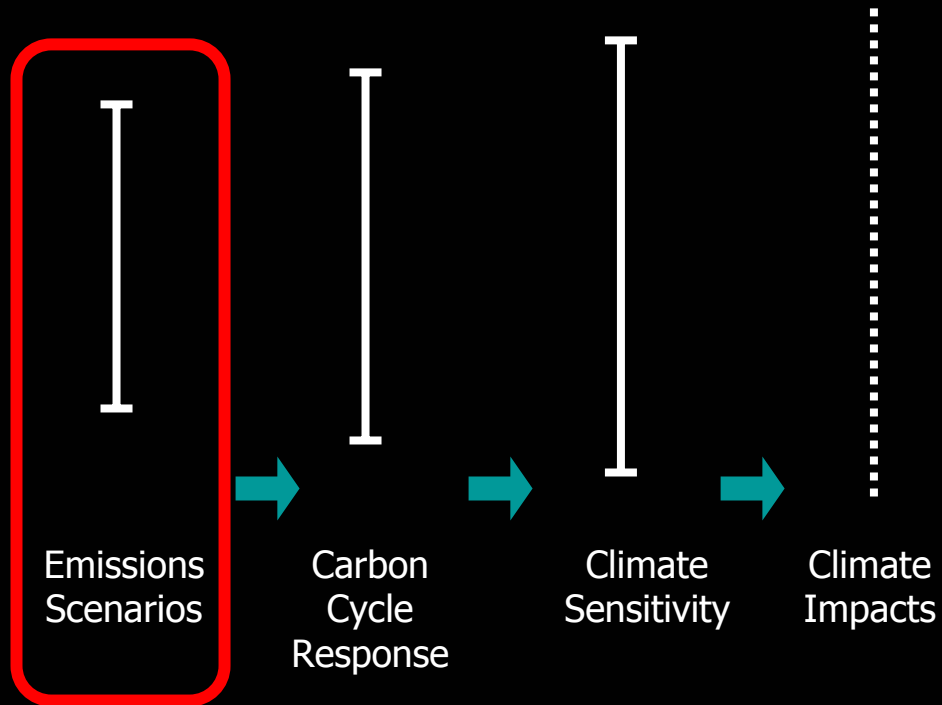
Data: National Institute for Environmental Studies, Japan; Graph: International Institute for Applied Systems Analysis

What do they mean?

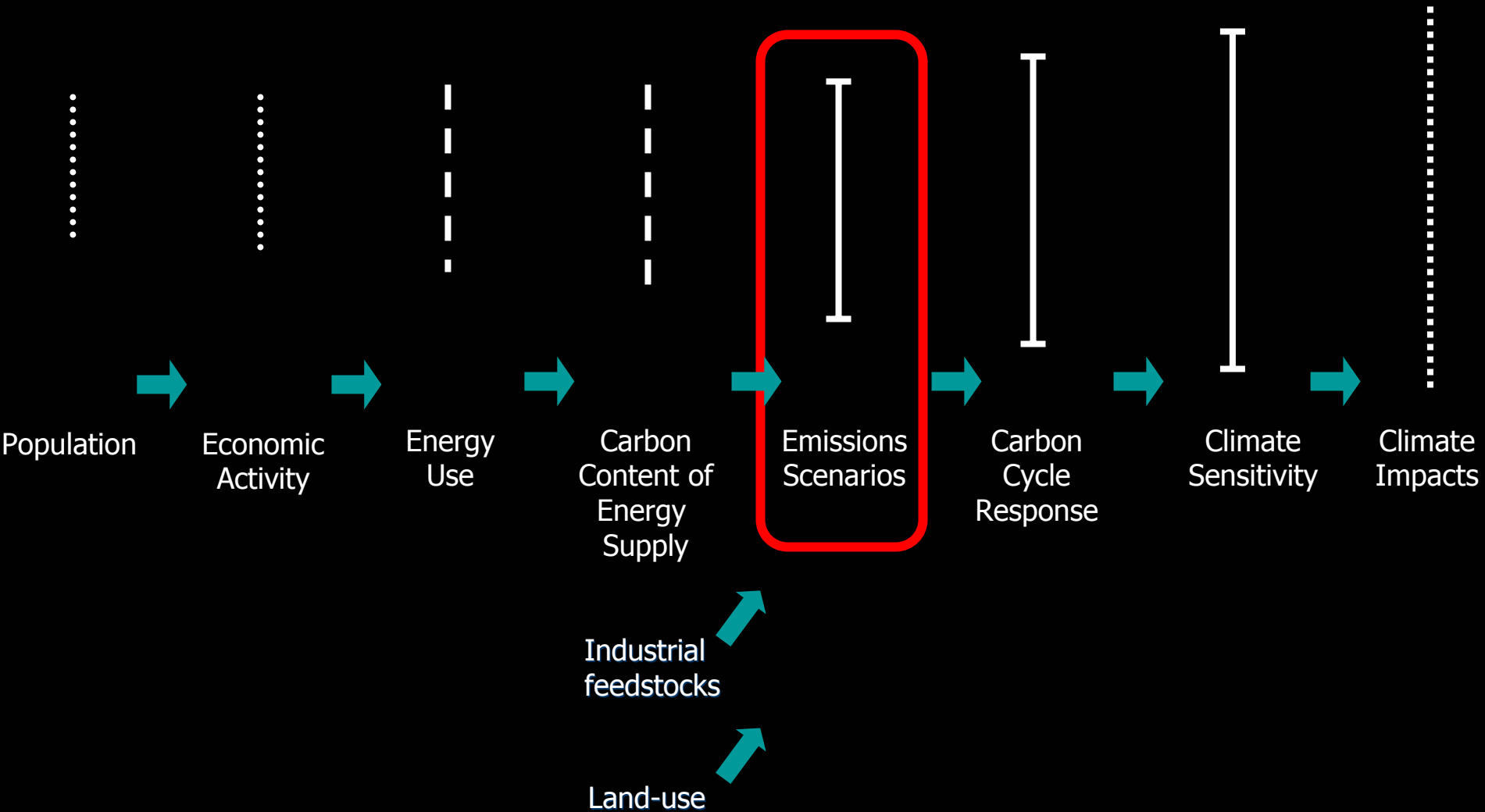
How do I know?

Does it make sense?

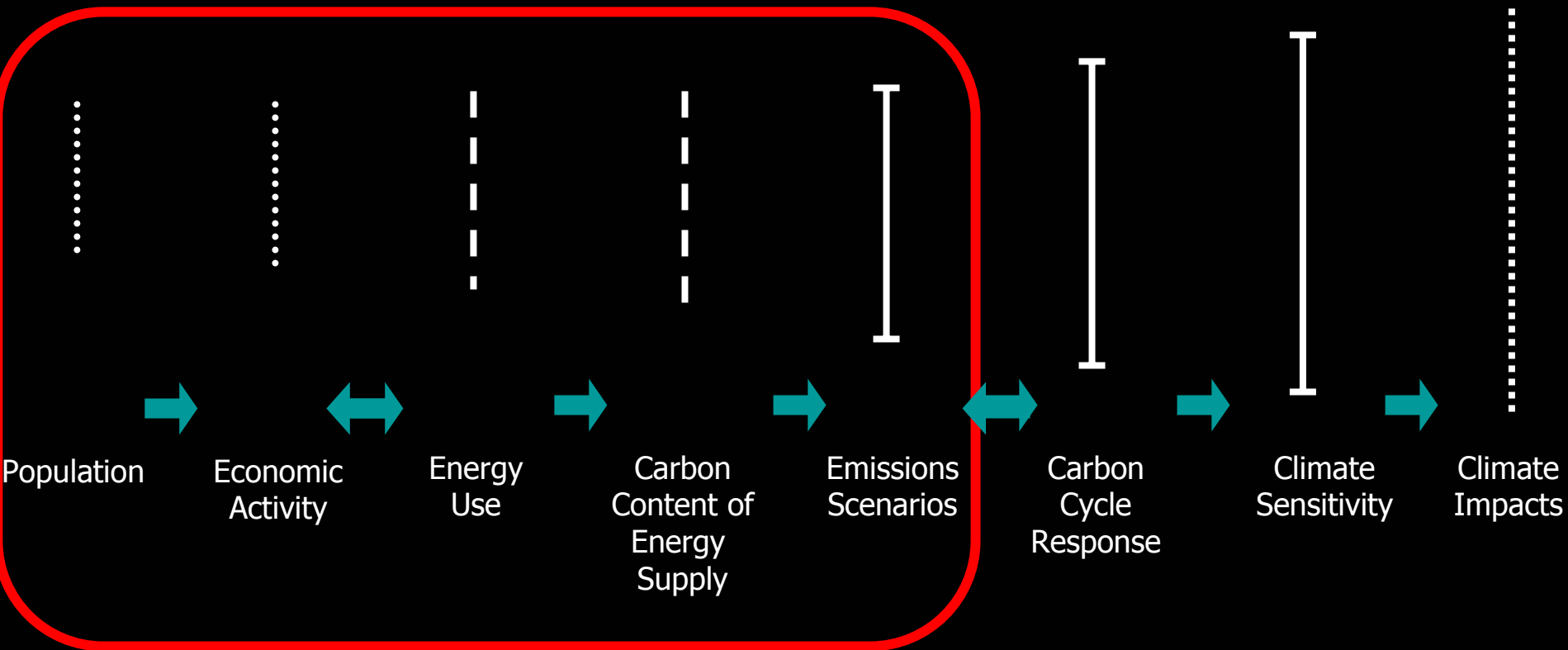
Simplified Line of Scenario Logic: Energy to Emissions



Simplified Line of Scenario Logic: Energy to Emissions



Simplified Line of Scenario Logic: Energy to Emissions

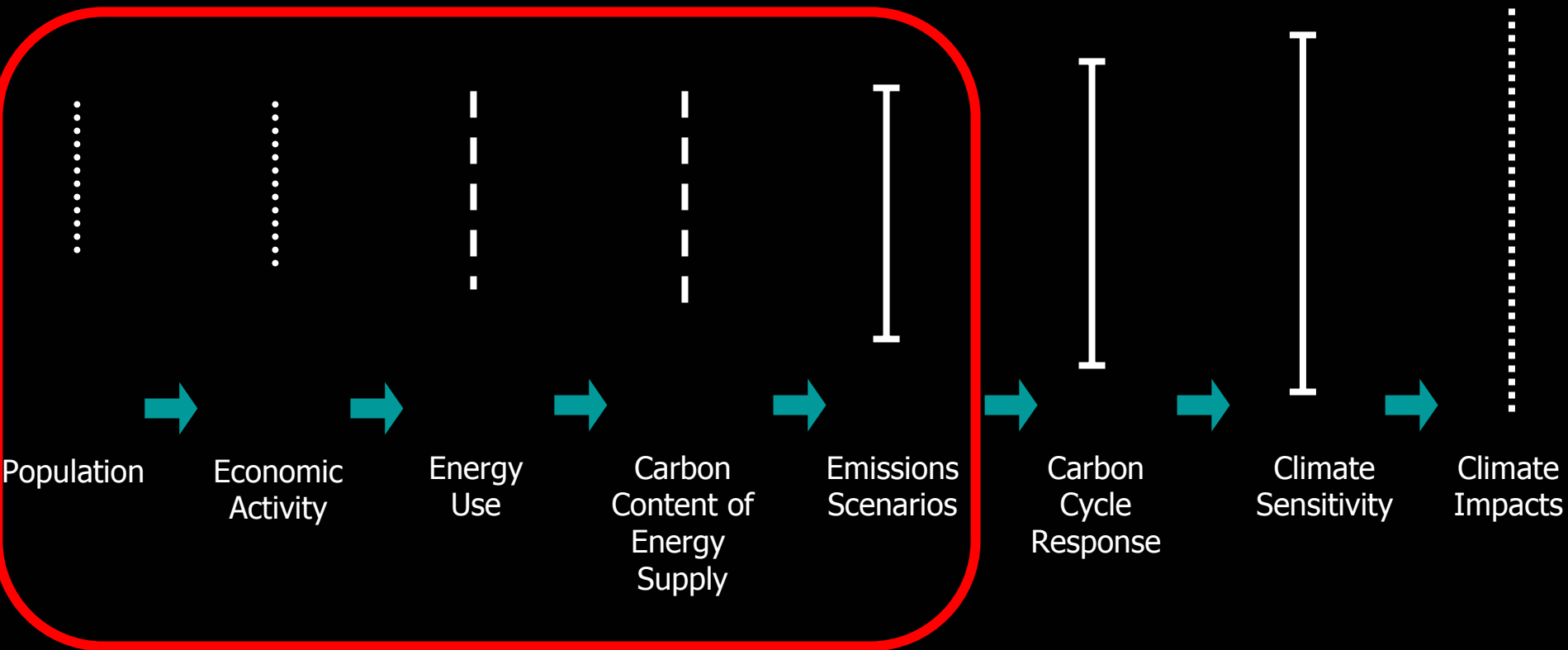


Deep uncertainty:

Parameter values + Relationship between the parameters

Scenario analysis is an *appropriate* technique for exploring **deep uncertainty**.


Simplified Line of Scenario Logic: Energy to Emissions



Energy and emissions scenario analysis
aims to explore deep uncertainty
to support risk management decisions.

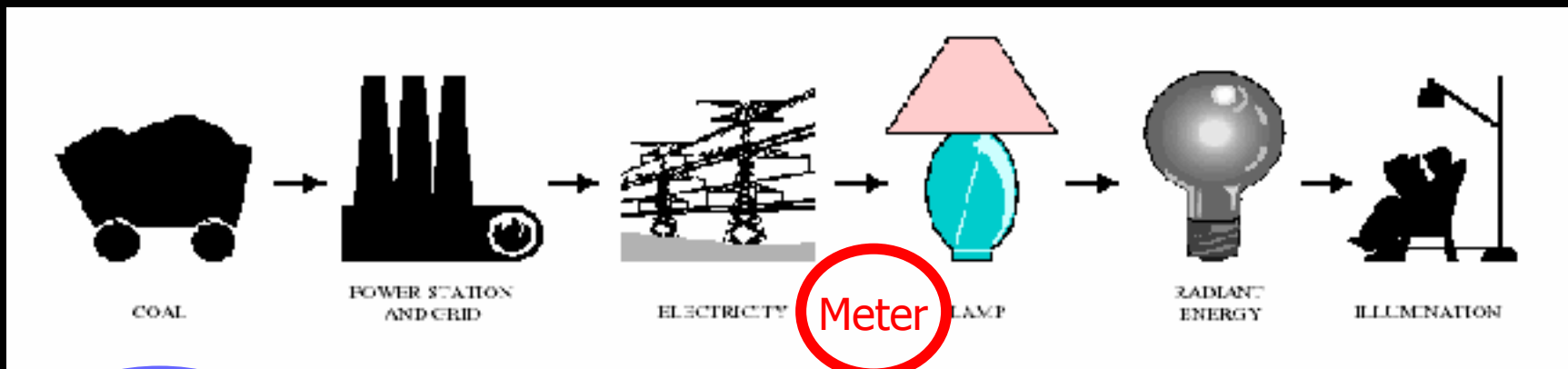
Exploring Energy Futures

model agnostic

- Constructing a  common framework for interpretation
 - How do policy interventions affect key drivers of emissions?
 - What are the sources of mitigation in stabilization scenarios?
 - Accounting for direct equivalent energy accounting
- Insights from analyzing several widely-cited energy scenarios
- What is the role of energy efficiency?
- Summary of findings, and your questions

$$\begin{array}{ccccc}
 \text{People} & \text{Average} & \text{Energy} & \text{Carbon} & \\
 & \text{Income} & \text{Intensity} & \text{Intensity of} & \text{Carbon} \\
 & & \text{of Economy} & \text{Energy} & \text{Emissions} \\
 \hline
 \underbrace{P} & \underbrace{\frac{GDP}{P}} & \underbrace{\frac{E}{GDP}} & \underbrace{\frac{C}{E}} & = C \\
 \text{.} & \text{.} & \text{.} & & \\
 \end{array}$$

"Kaya Identity" (Kaya, 1991)



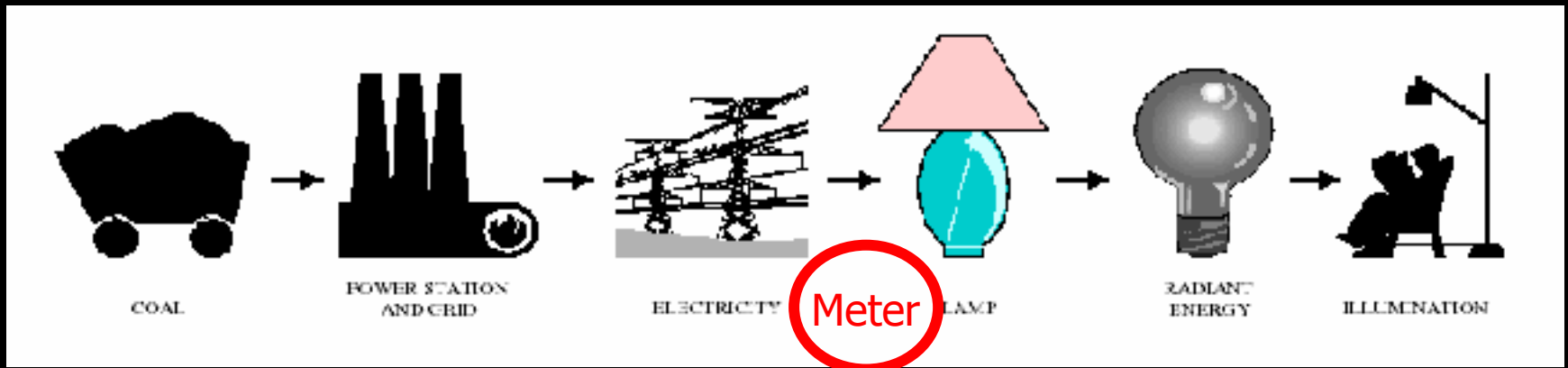
Primary
Energy

Final
Energy

End
Use

Energy
Service

$$\begin{array}{c} \text{People} \\ \underbrace{\quad} \\ P \end{array} \cdot \begin{array}{c} \text{Average} \\ \text{Income} \\ \underbrace{\quad} \\ \frac{\text{GDP}}{P} \end{array} \cdot \begin{array}{c} \text{Energy} \\ \text{Intensity} \\ \text{of Economy} \\ \underbrace{\quad} \\ \frac{E}{\text{GDP}} \end{array} \cdot \begin{array}{c} \text{Carbon} \\ \text{Intensity of} \\ \text{Energy} \\ \underbrace{\quad} \\ \frac{C}{E} \end{array} = \begin{array}{c} \text{Carbon} \\ \text{Emissions} \\ \underbrace{\quad} \\ C \end{array}$$



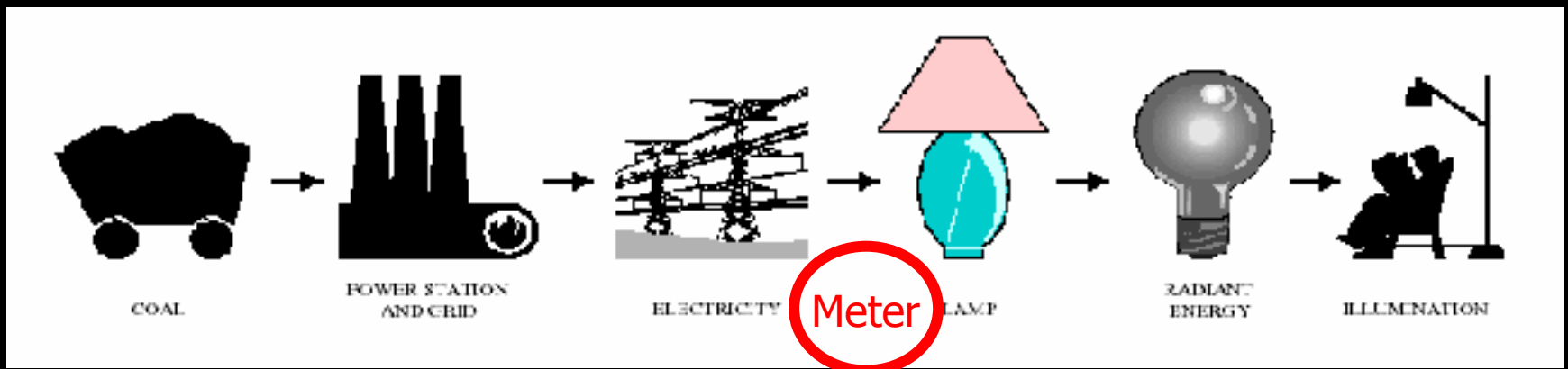
Primary
Energy

Final
Energy

End
Use

Energy
Service

$$\begin{array}{ccccccc}
 \text{People} & \text{Average} & \text{Energy} & & \text{Carbon} & & \\
 & \text{Income} & \text{Intensity} & & \text{Intensity of} & & \text{Carbon} \\
 & & \text{of Economy} & & \text{Energy} & & \text{Emissions} \\
 \underbrace{} & \underbrace{} & \underbrace{} & & \underbrace{} & \underbrace{} & \\
 P & \frac{GDP}{P} & \frac{PE}{GDP} & \cdot & \frac{C}{PE} & = & C
 \end{array}$$



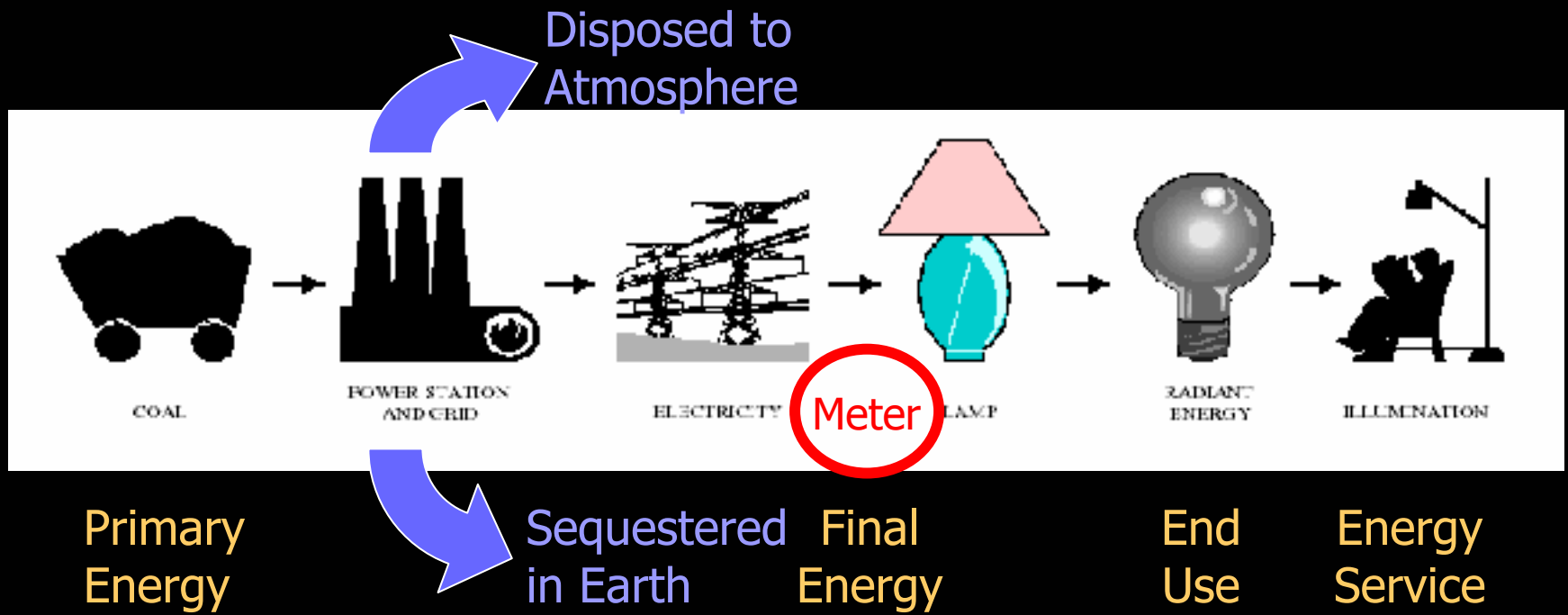
Primary
Energy

Final
Energy

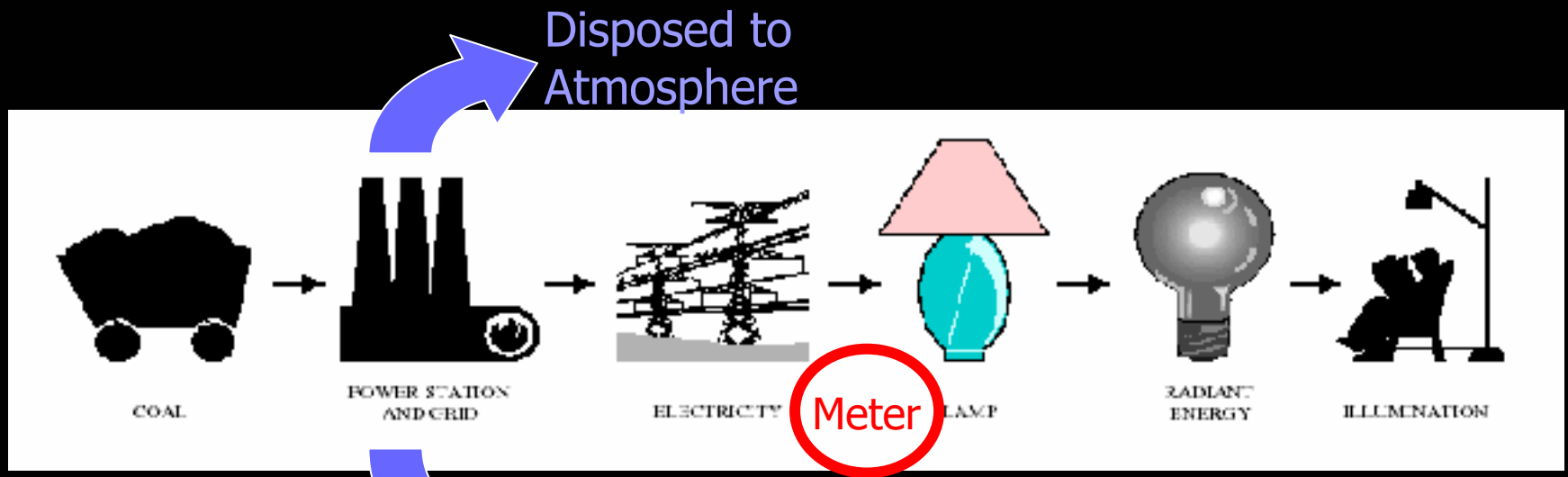
End
Use

Energy
Service

$$\begin{array}{cccccc}
 \text{People} & \text{Average} & \text{Energy} & \text{Energy} & \text{Carbon} & \text{Carbon} \\
 & \text{Income} & \text{Intensity} & \text{Supply} & \text{Intensity of} & \text{Emissions} \\
 & & \text{of Economy} & \text{Loss Factor} & \text{Energy} & \\
 \underbrace{P} & \underbrace{\frac{GDP}{P}} & \underbrace{\frac{FE}{GDP}} & \underbrace{\frac{PE}{FE}} & \underbrace{\frac{C}{PE}} & = C \\
 \cdot & \cdot & \cdot & \cdot & & \\
 \end{array}$$



$$\begin{array}{cccccc}
 \text{People} & \text{Average Income} & \text{Energy Intensity of Economy} & \text{Energy Supply Loss Factor} & \text{Carbon Intensity of Energy} & \text{Carbon Emissions} \\
 \underbrace{\hspace{1cm}} & \underbrace{\hspace{1cm}} & \underbrace{\hspace{1cm}} & \underbrace{\hspace{1cm}} & \underbrace{\hspace{1cm}} & \underbrace{\hspace{1cm}} \\
 P & \frac{GDP}{P} & \frac{FE}{GDP} & \frac{PE}{FE} & \frac{C}{PE} & = C \\
 \cdot & \cdot & \cdot & \cdot & &
 \end{array}$$



Primary
Energy

Sequestered
in Earth

Final
Energy

End
Use

Energy
Service

$$\begin{array}{ccccccc}
 \text{People} & \text{Average} & \text{Energy} & \text{Energy} & \text{Carbon} & \text{Fraction} & \text{Carbon} \\
 & \text{Income} & \text{Intensity} & \text{Supply} & \text{Intensity of} & \text{Disposed to} & \text{Emissions} \\
 & & \text{of Economy} & \text{Loss Factor} & \text{Energy} & \text{Atmosphere} & \\
 \hline
 \underbrace{P} & \cdot \underbrace{\frac{GDP}{P}} & \cdot \underbrace{\frac{FE}{GDP}} & \cdot \underbrace{\frac{PE}{FE}} & \cdot \underbrace{\frac{TC}{PE}} & \cdot \underbrace{\frac{C}{TC}} & = C
 \end{array}$$

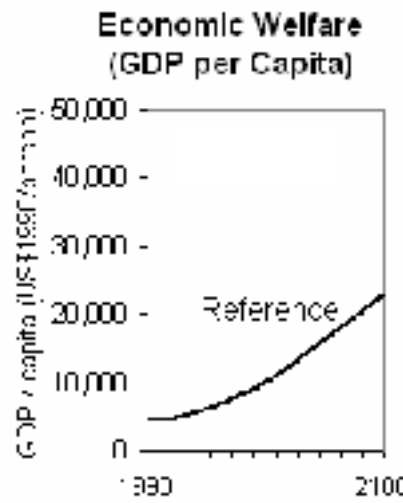
Decomposing Key Drivers in a Sample Scenario

First, using the familiar Kaya Identity...

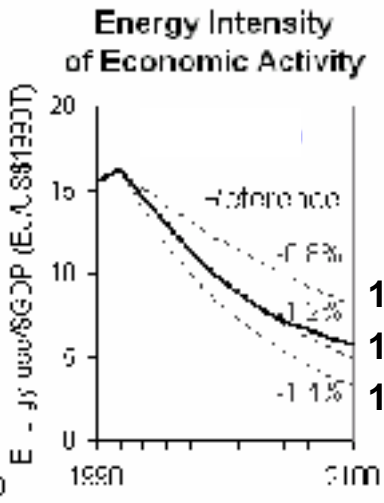
$$\frac{\text{GDP}}{P}$$

$$\frac{\text{PE}}{\text{GDP}}$$

$$\frac{C}{\text{PE}}$$

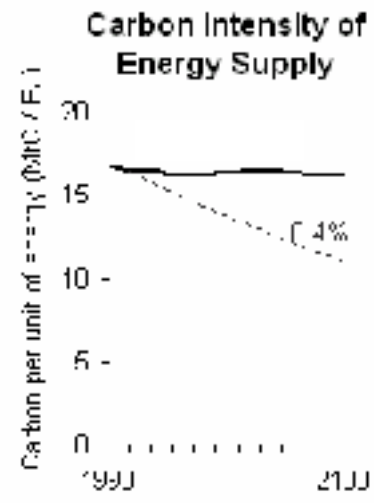


$$\frac{\text{GDP}}{P}$$



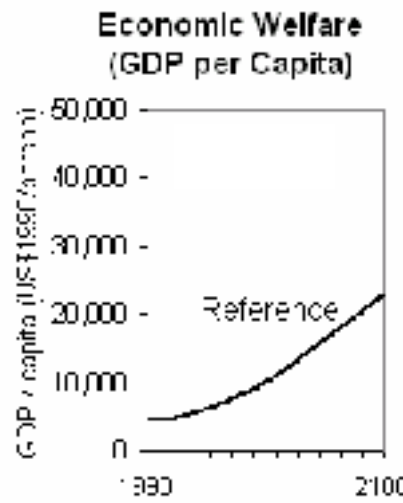
1971-1980: -0.8%
 1980-2000: -1.2%
 1995-2000: -1.6%

$$\frac{PE}{GDP}$$

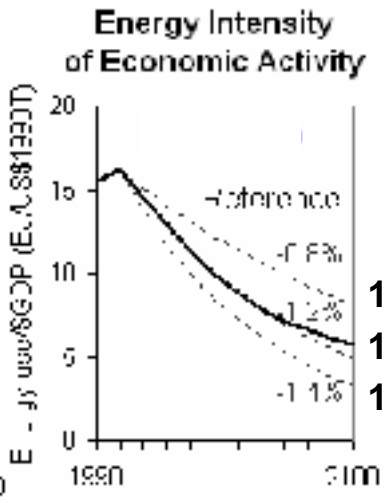


Annual Rate of
 Decarbonization:
 0.4%
 1920-2000

$$\frac{C}{PE}$$

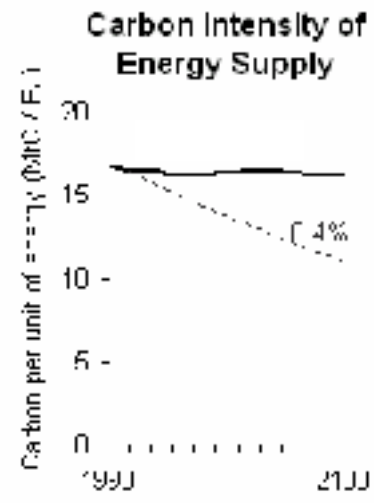


GDP
P



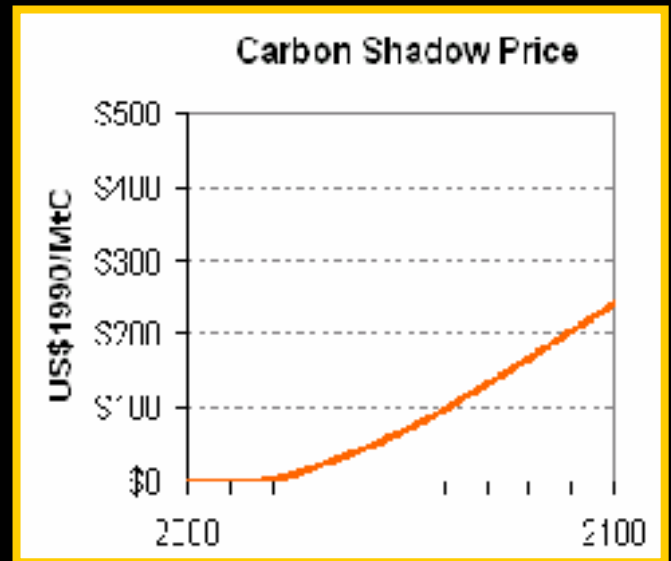
PE
GDP

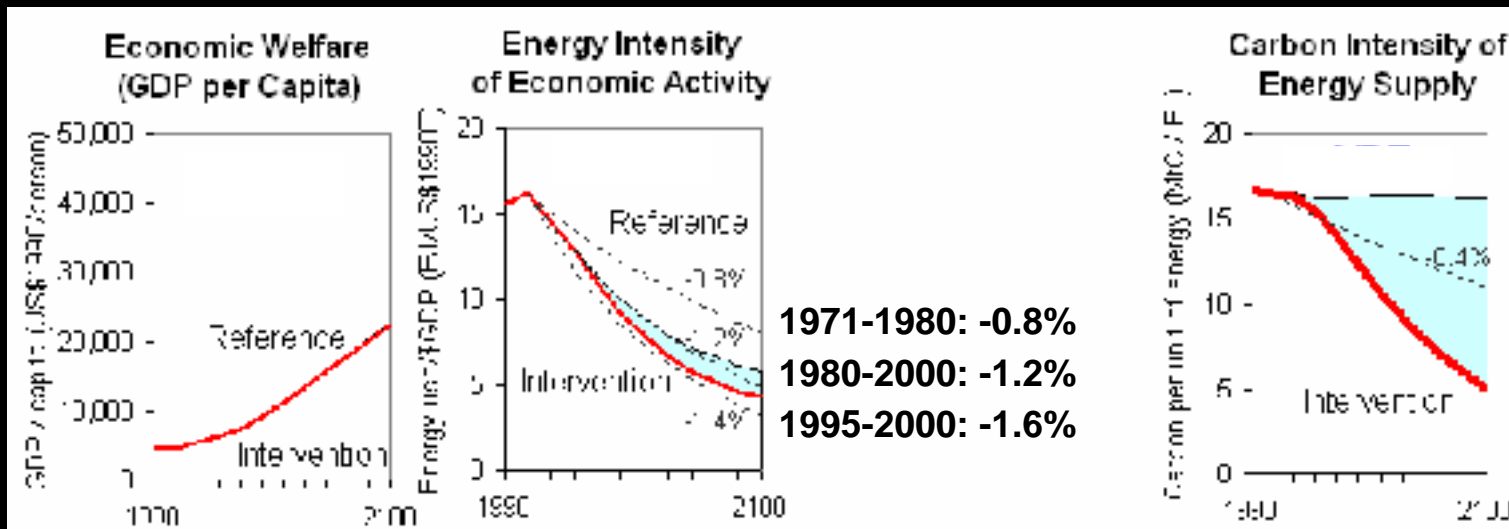
1971-1980: -0.8%
1980-2000: -1.2%
1995-2000: -1.6%



C
PE

Annual Rate of Decarbonization:
0.4%
1920-2000

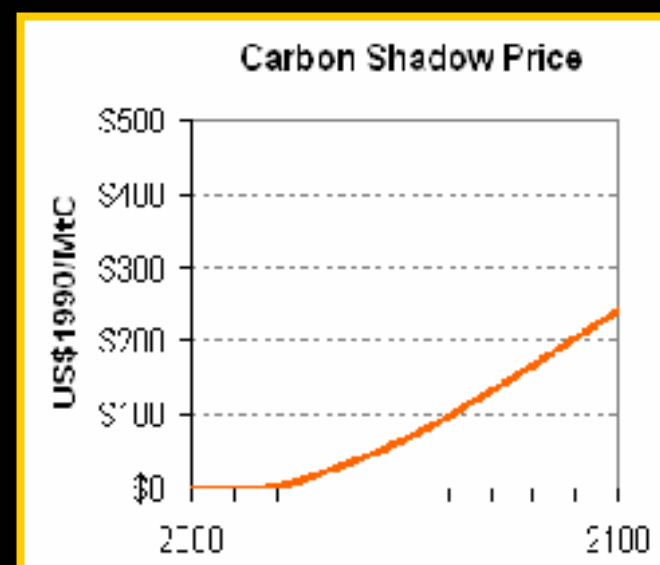




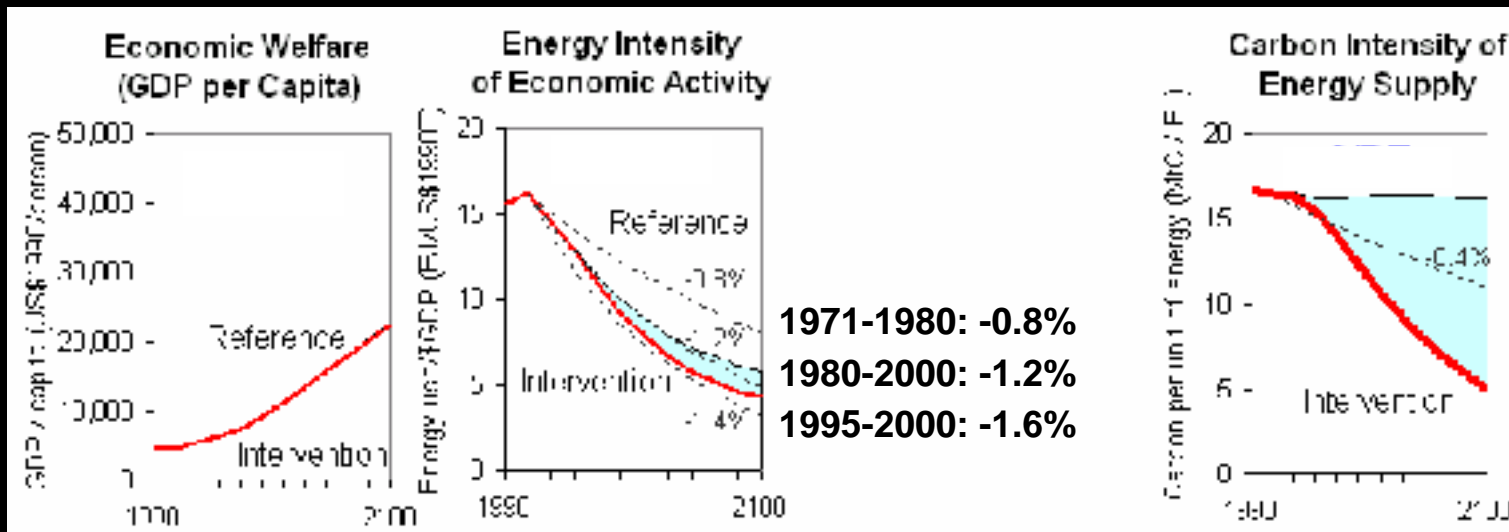
GDP
P

PE
GDP

C
PE



Reference: "Dynamics as Usual" (B2) Stabilization target: 550ppm CO₂ Model: MiniCAM

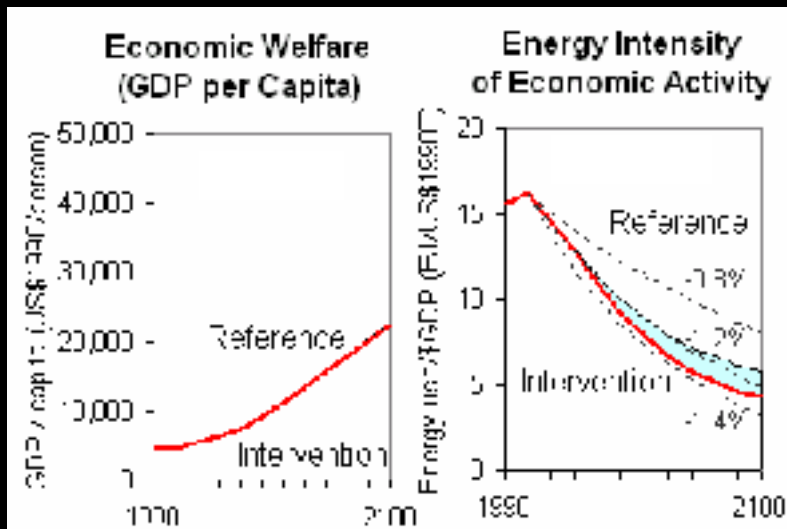


GDP
P

PE
GDP

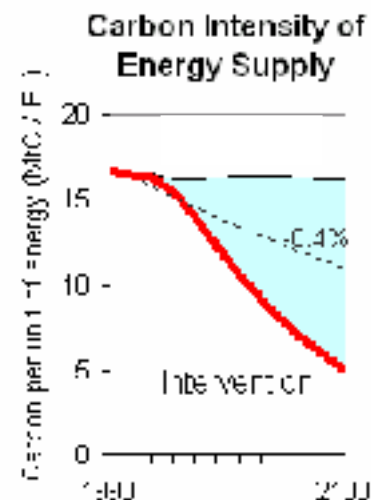
C
PE

Next, using the expanded decomposition...

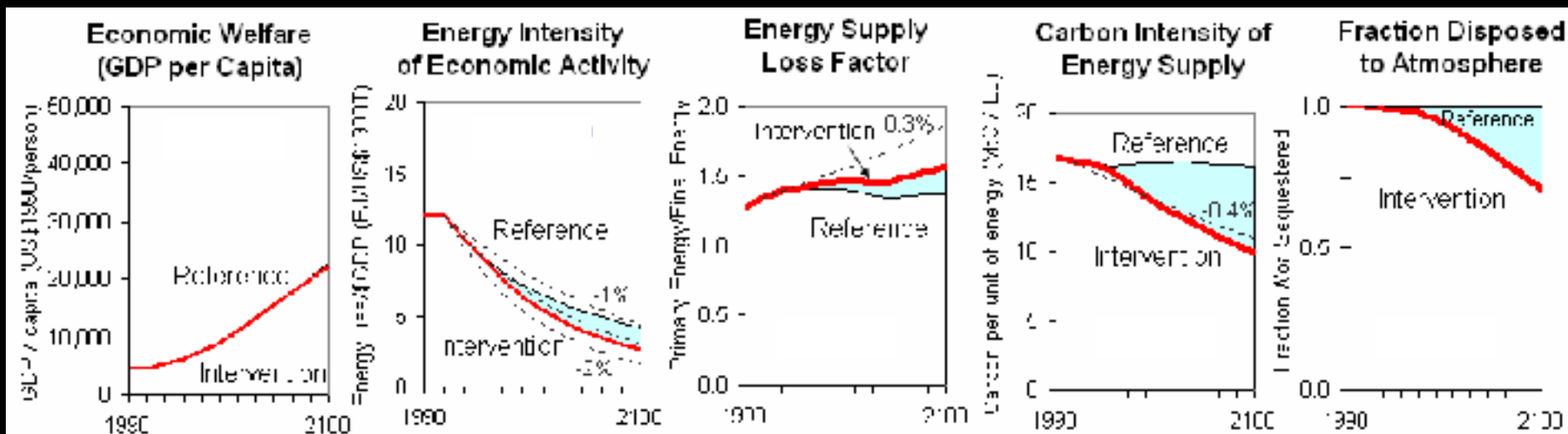


GDP
P

PE
GDP



C
PE



GDP
P

•

FE
GDP

•

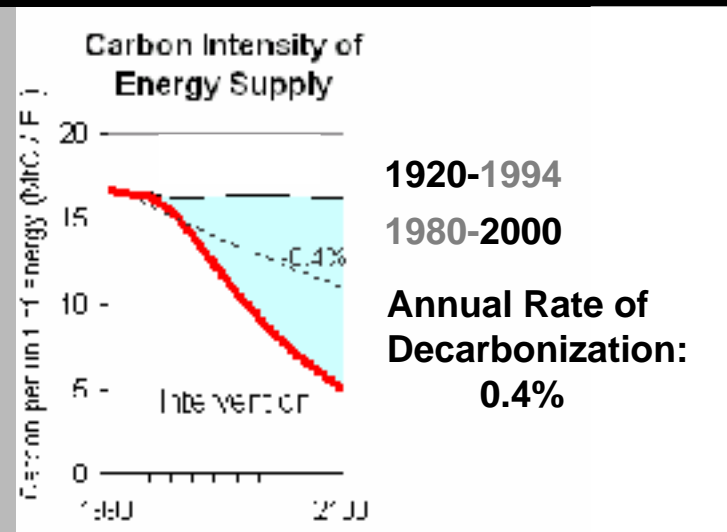
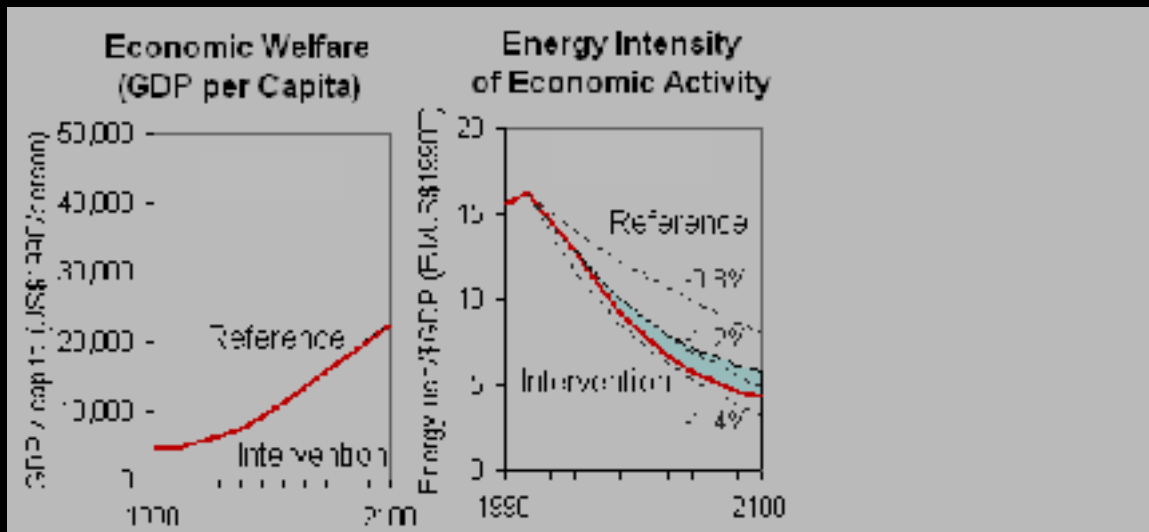
PE
FE

•

TC
PE

•

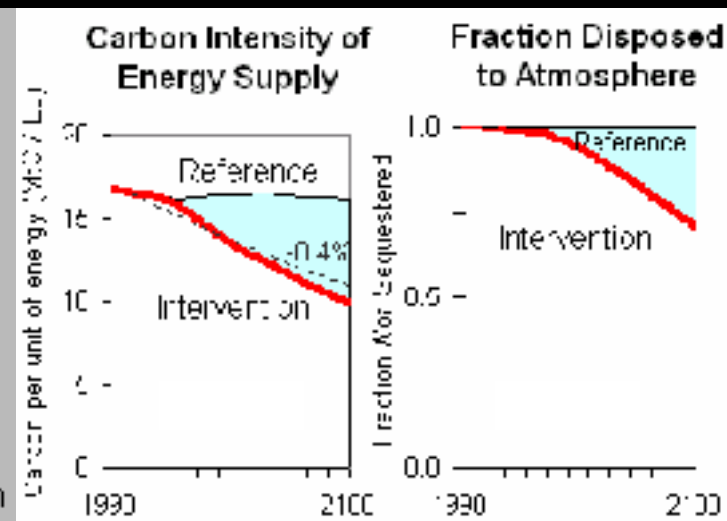
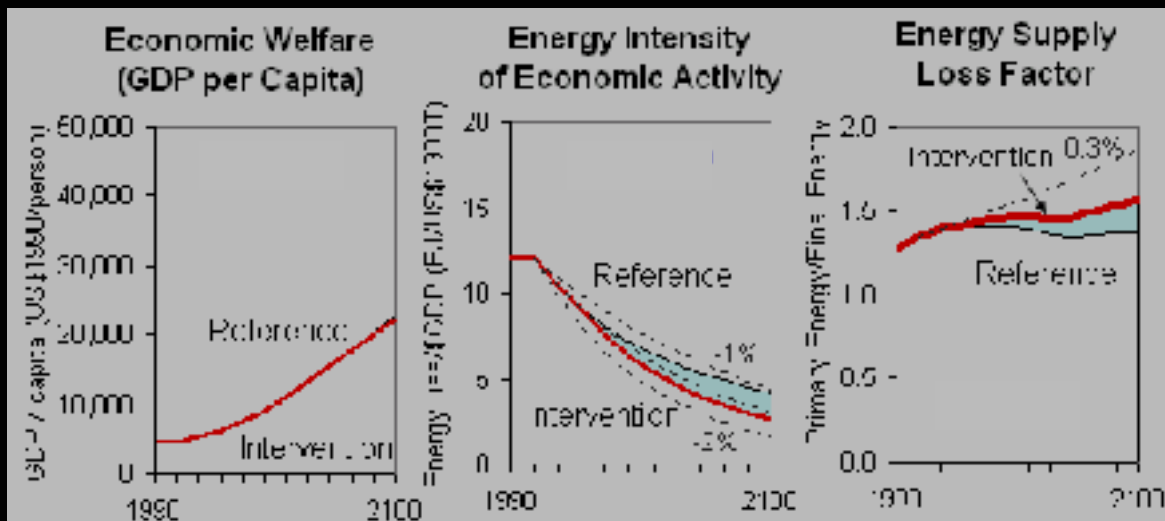
C
TC



GDP
P

PE
GDP

C
PE



GDP
P

•

FE
GDP

•

PE
FE

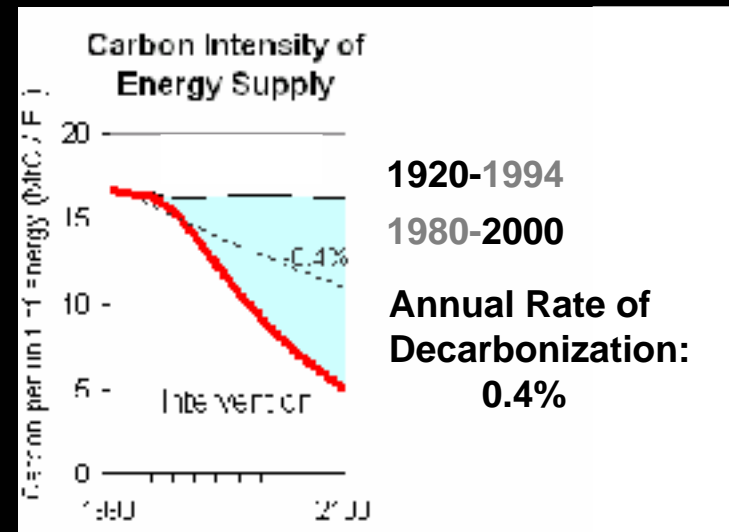
•

TC
PE

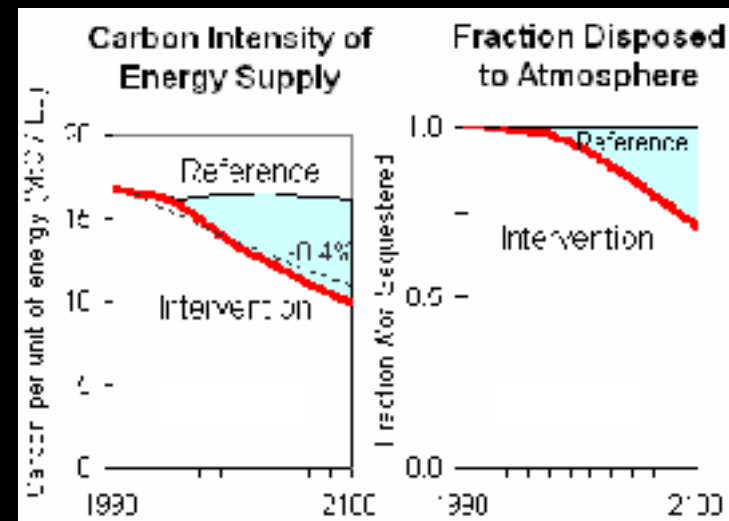
•

C
TC

Holding carbon intensity constant at 1990 levels in the reference case diverges from 'dynamics as usual'.



$$\frac{C}{PE}$$

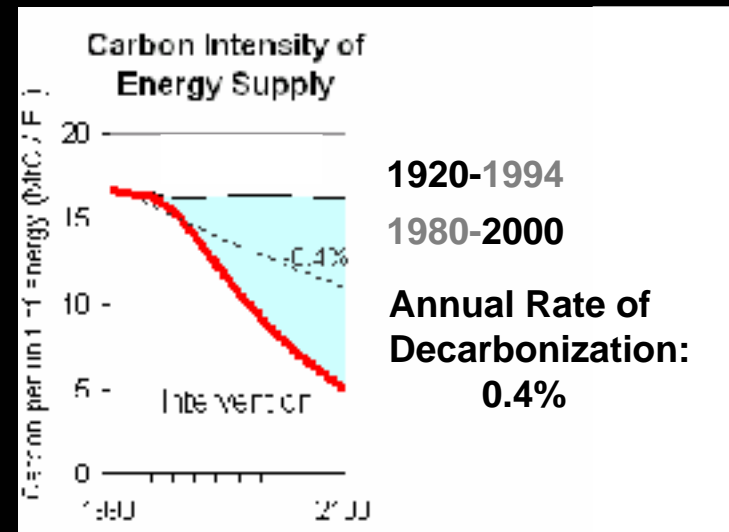


- $\frac{TC}{PE}$

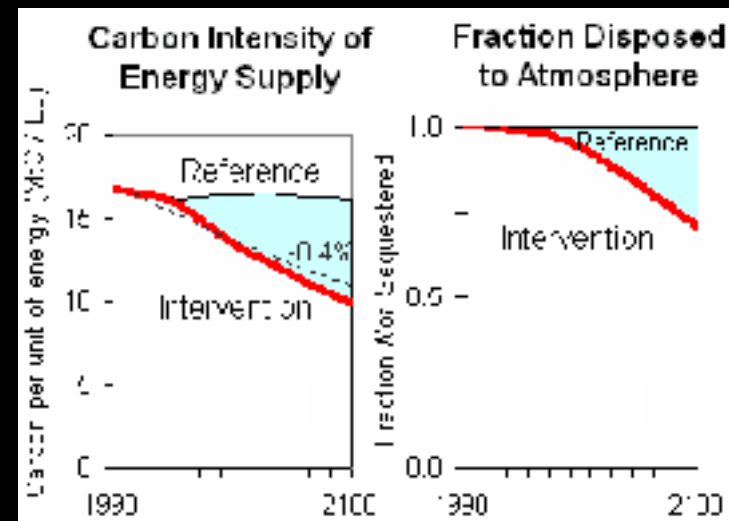
- $\frac{C}{TC}$

Holding carbon intensity constant at 1990 levels in the reference case diverges from 'dynamics as usual'.

Fuel switching implied to be a response to the policy intervention may have occurred anyway if decarbonization rate over the last 80 years had persisted.



$$\frac{C}{PE}$$



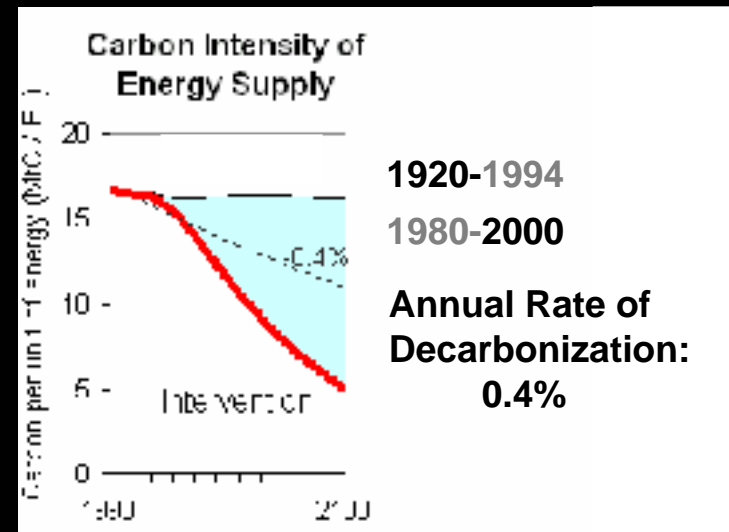
- $\frac{TC}{PE}$

- $\frac{C}{TC}$

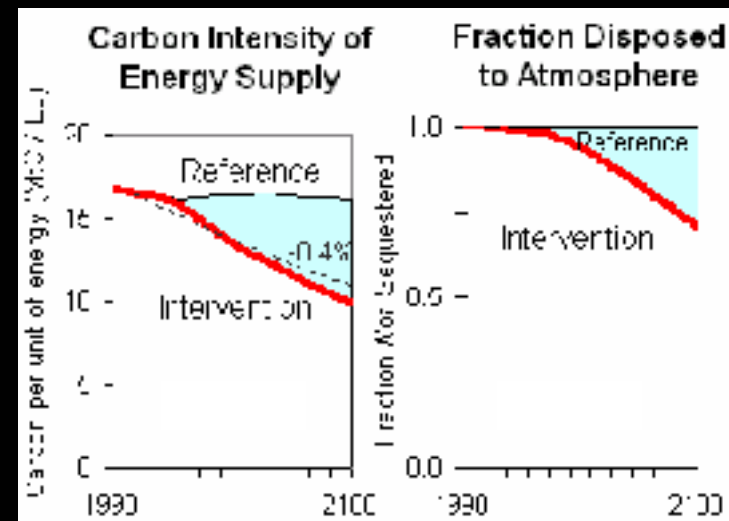
Holding carbon intensity constant at 1990 levels in the reference case diverges from 'dynamics as usual'.

Fuel switching implied to be a response to the policy intervention may have occurred anyway if decarbonization rate over the last 80 years had persisted.

The rest of the mitigation – which may have been interpreted as accelerated decarbonization of the energy supply – is actually from carbon sequestration.

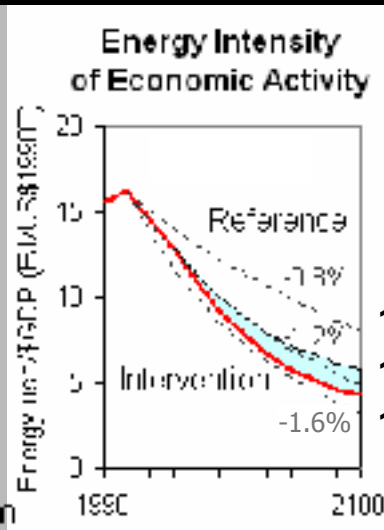
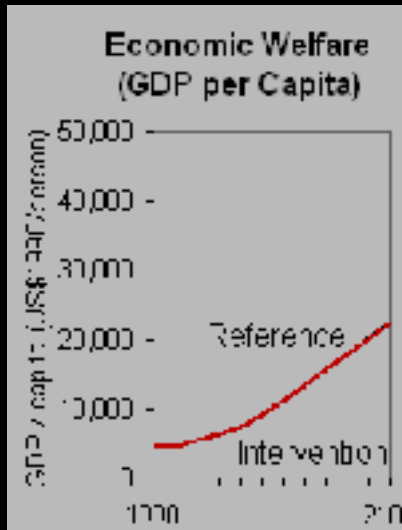


$$\frac{C}{PE}$$

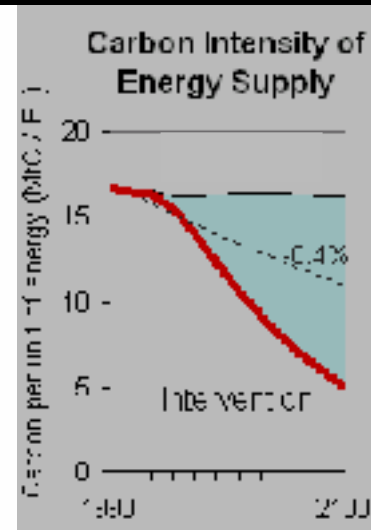


- $\frac{TC}{PE}$

- $\frac{C}{TC}$



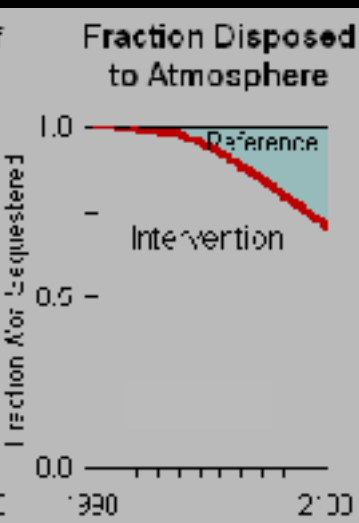
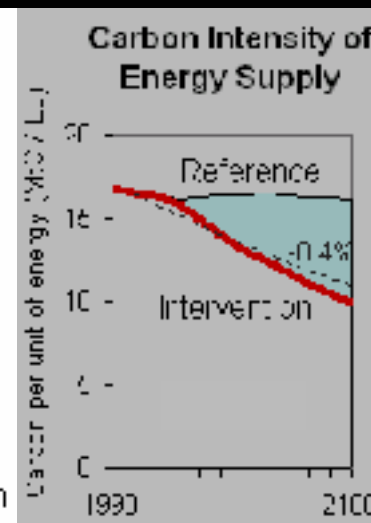
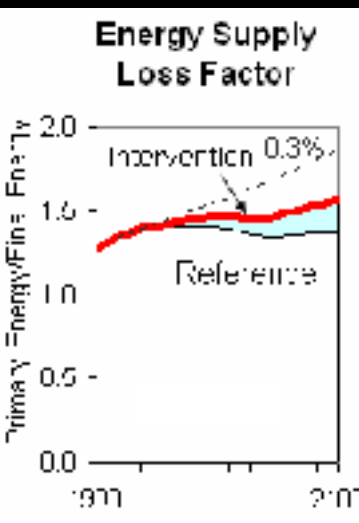
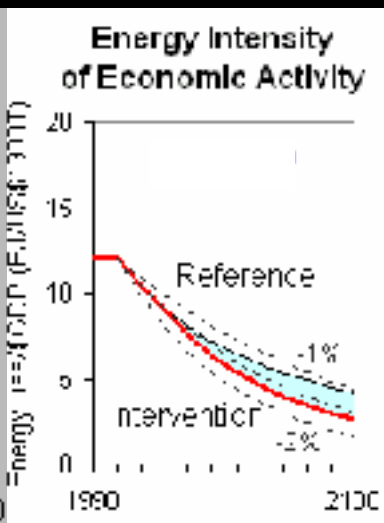
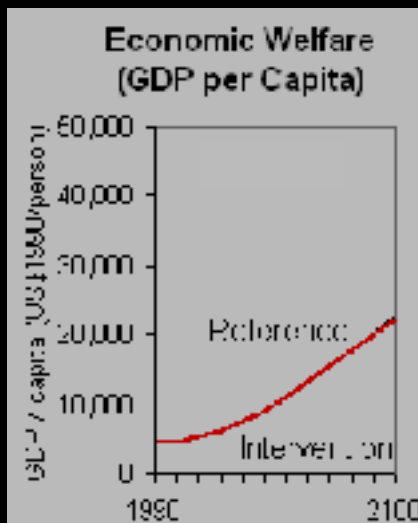
1971-1980: -0.8%
1980-2000: -1.2%
1995-2000: -1.6%



GDP
P

PE
GDP

C
PE



GDP
P

•

FE
GDP

•

PE
FE

•

TC
PE

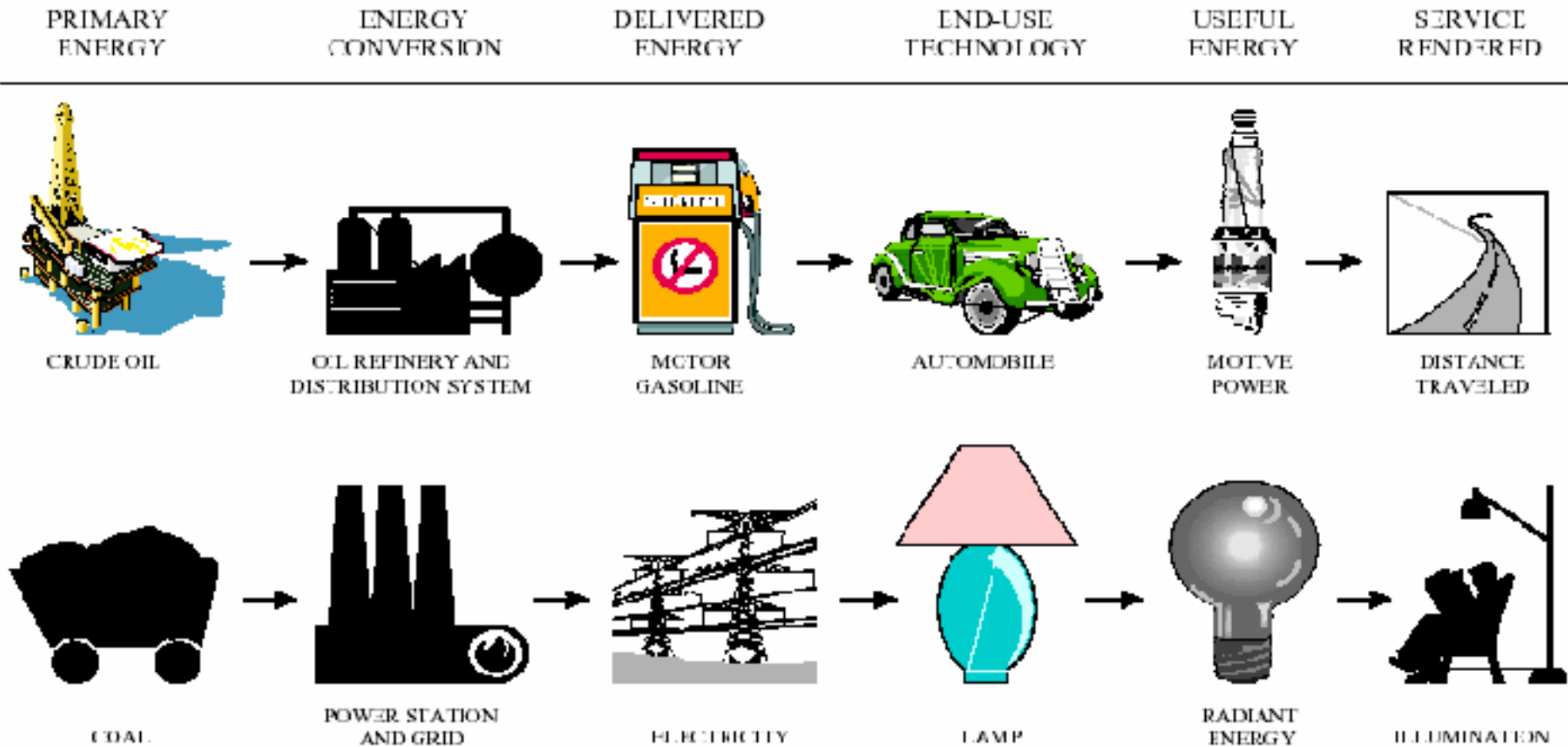
•

C
TC

Primary Energy

Final Energy

Productive Use

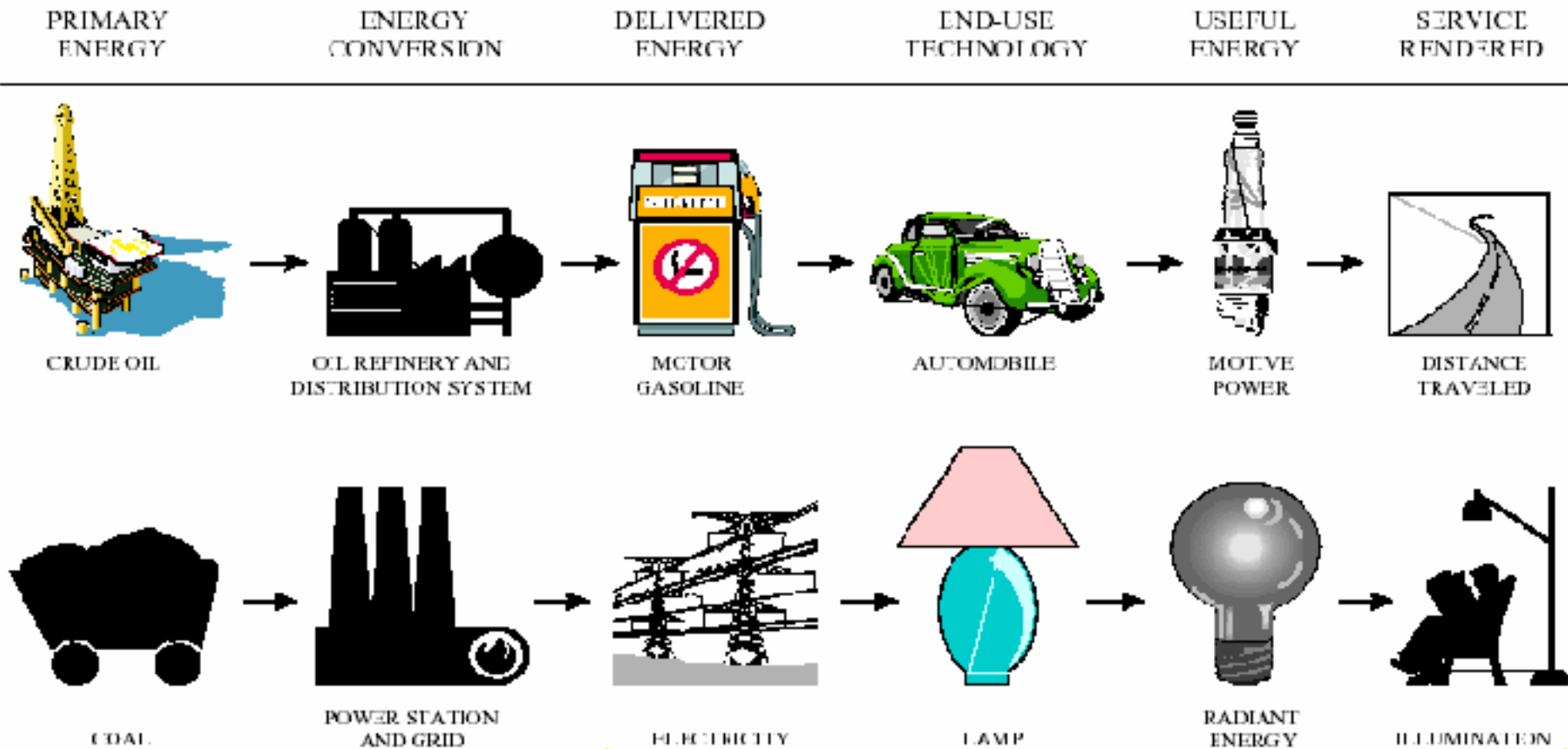


- **Efficiency:** More energy delivered per energy input
- **Fuel Switching:** Moving from coal to natural gas
- **Electrification:** Changing the share of electricity in FE

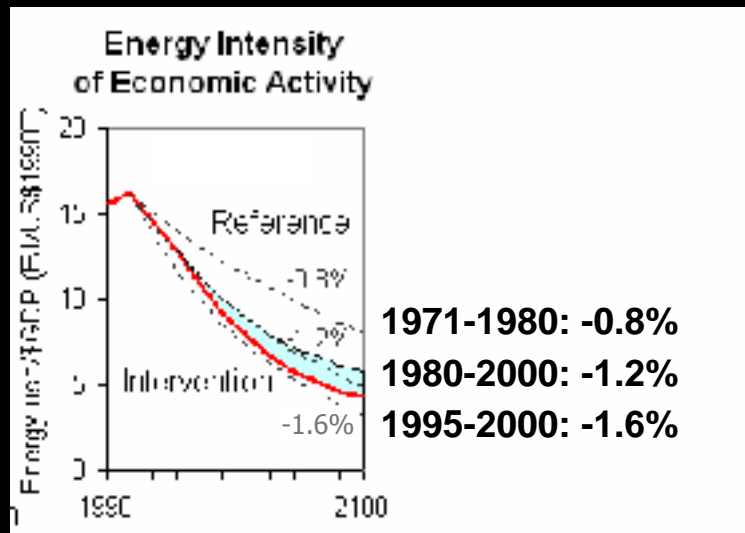
Primary Energy

Final Energy

Productive Use

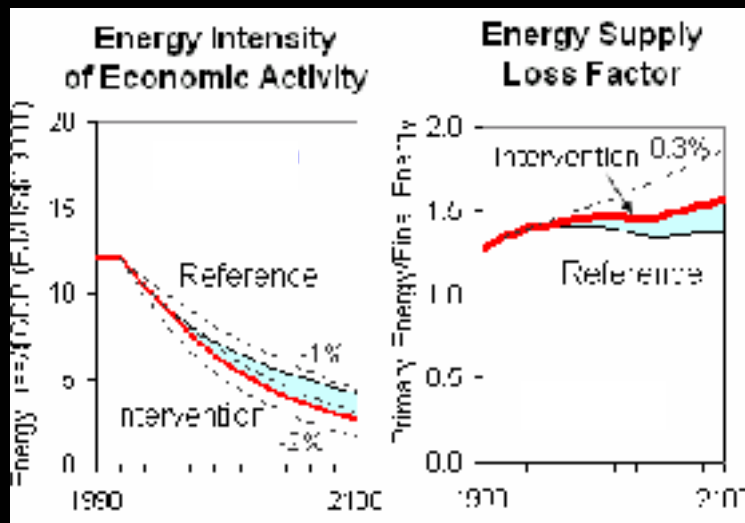


- **Conservation:** Less non-productive energy use
- **Energy Intensity:** More productivity per energy input
- **Structural Change:** Same productivity, less energy use (Shift toward service economy)



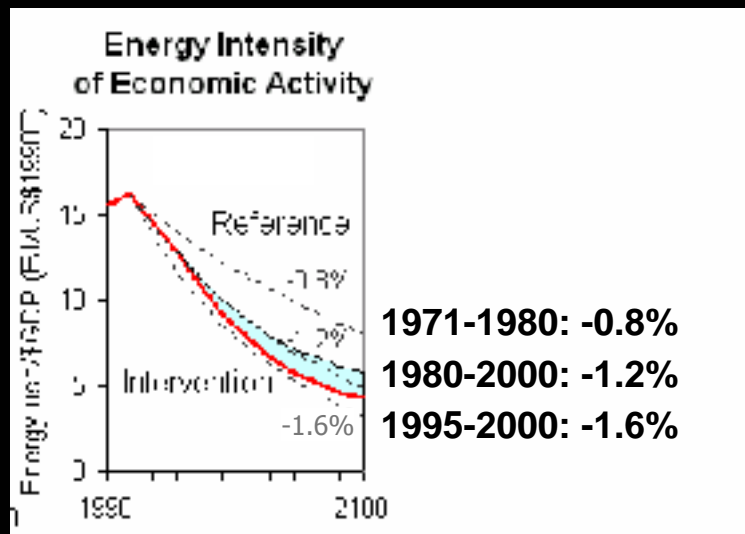
The reference case extends the 1980-2000 trend, and the policy intervention accelerates that improvement nearly to 1995-2000 levels.

$$\frac{PE}{GDP}$$

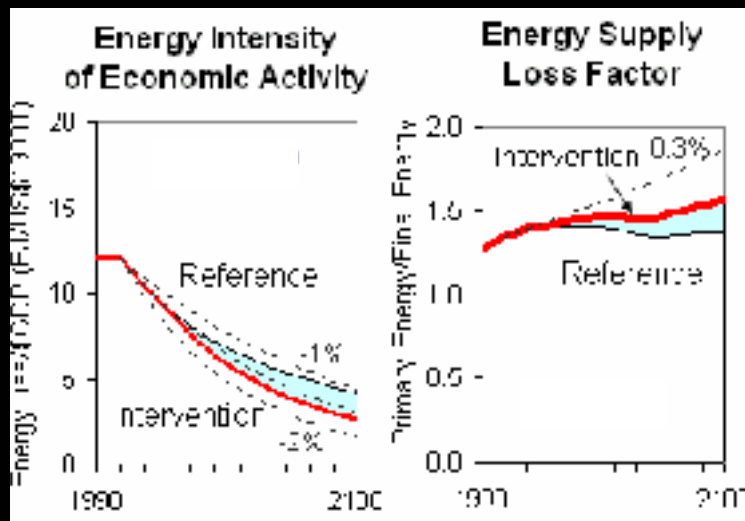


• $\frac{FE}{GDP}$

• $\frac{PE}{FE}$

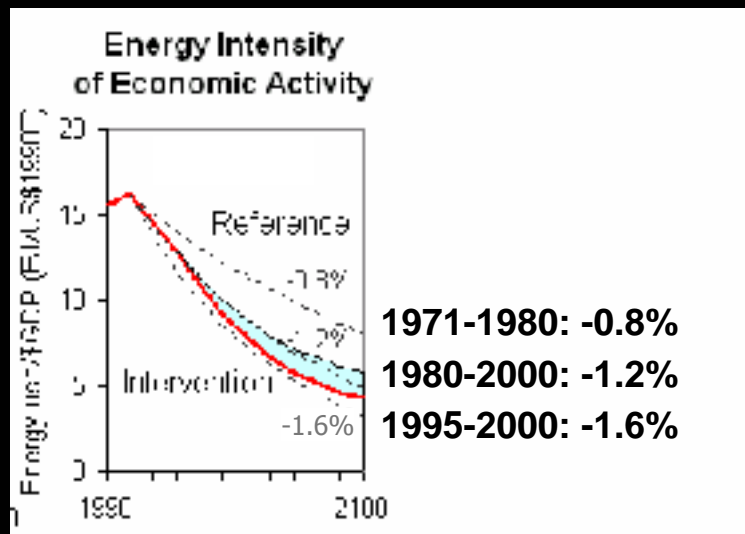


$$\frac{PE}{GDP}$$

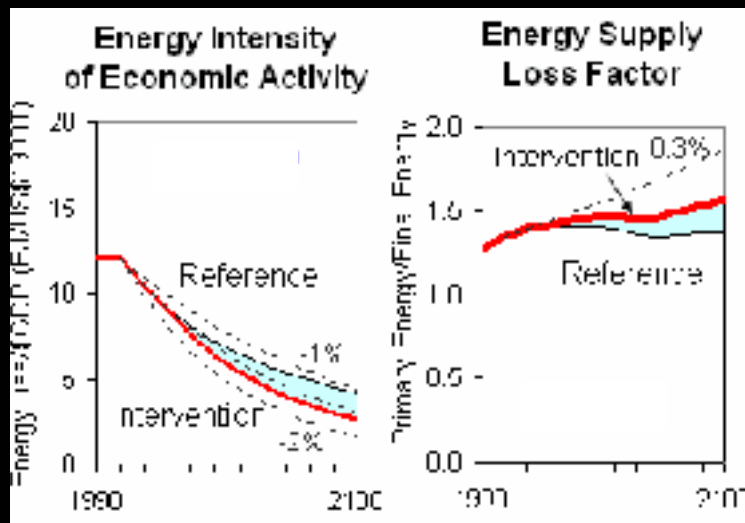


Once decomposed, we see a very optimistic reference case assumption about efficiency in energy supply.

$$\bullet \quad \frac{FE}{GDP} \quad \bullet \quad \frac{PE}{FE}$$



PE
GDP




• **FE**
GDP • **PE**
FE

Once decomposed, we see a very optimistic reference case assumption about efficiency in energy supply.

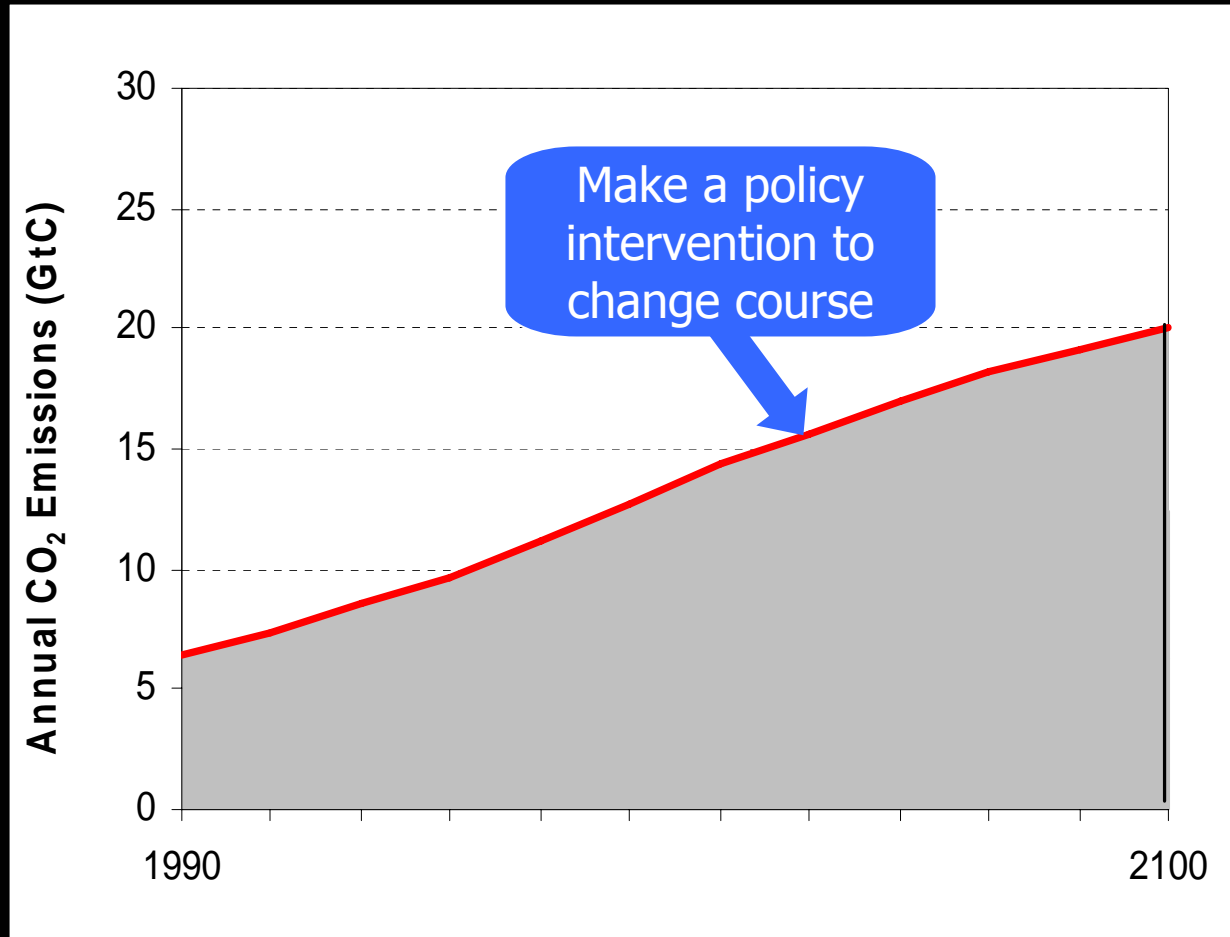
FE/GDP sags, and the rising carbon price brings the rate of improvement to a level only slightly higher than the 1980-2000 trend.

Exploring Energy Futures

model agnostic

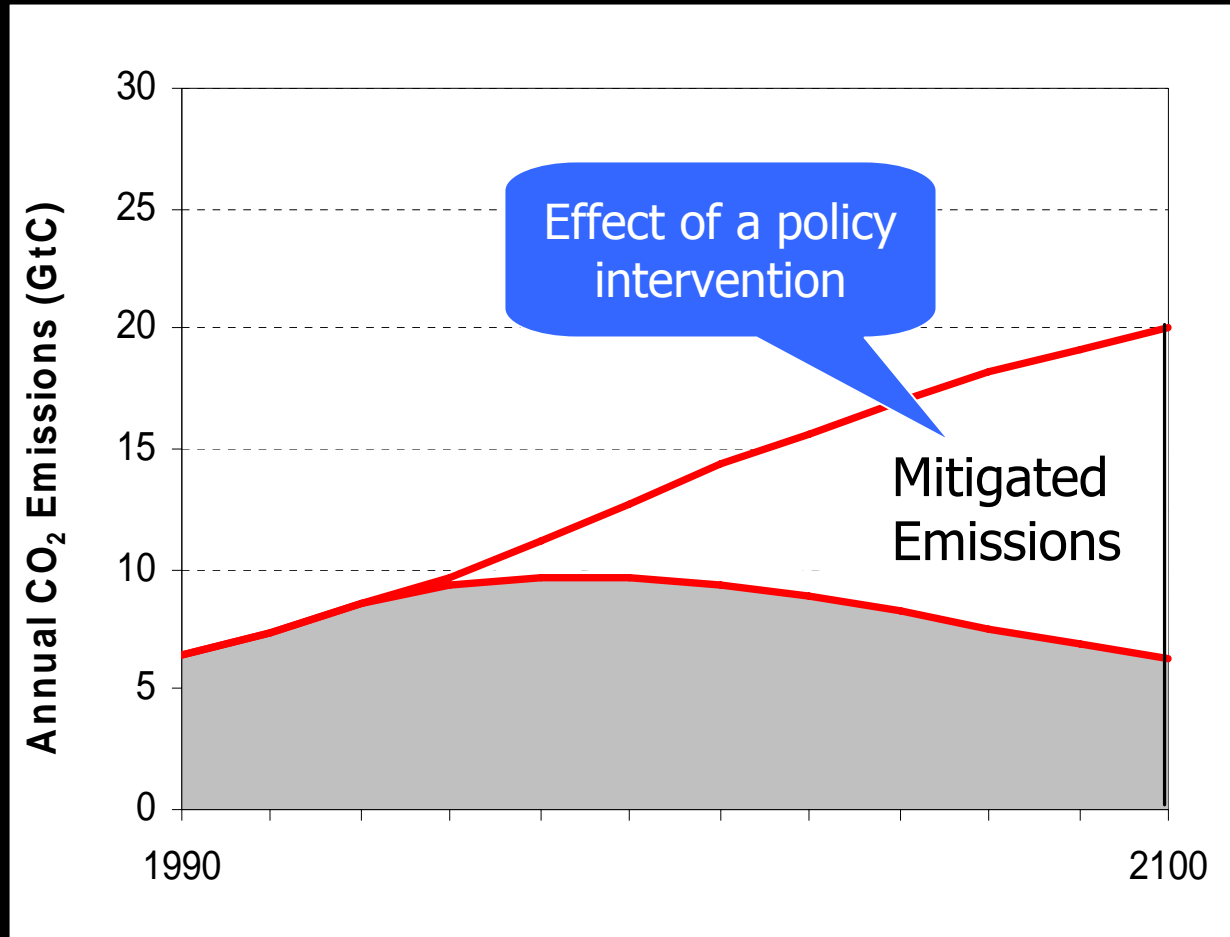
- Constructing a  common framework for interpretation
 - How do policy interventions affect key drivers of emissions?
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 - Accounting for direct equivalent energy accounting
- Insights from analyzing several widely-cited energy scenarios
- What is the role of energy efficiency?
- Summary of findings, and your questions

Basic emissions scenario analysis



Emissions Profile
of a Possible
Future World

Basic emissions scenario analysis



Emissions Profile
of a Possible
Future World

Path to
Stabilization

The Pervasive Scenario Intervention Policy

A uniform global carbon price
equal to the marginal cost of abatement
in a worldwide cap-and-trade program
with full participation, full flexibility, low transaction costs,
and *equal burden-sharing*.

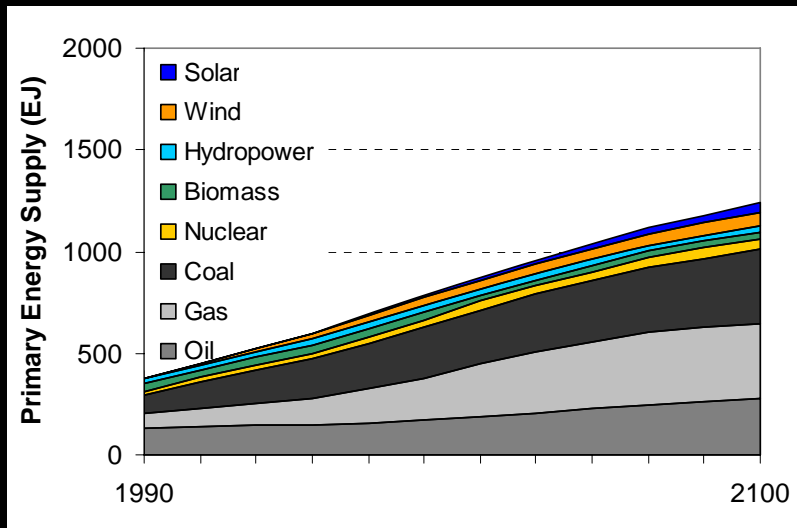
Though this policy is not feasible to implement, it is used as a proxy:

“A global uniform carbon price has been applied as a proxy of pressure on the system to induce a variety of mitigation measures.”

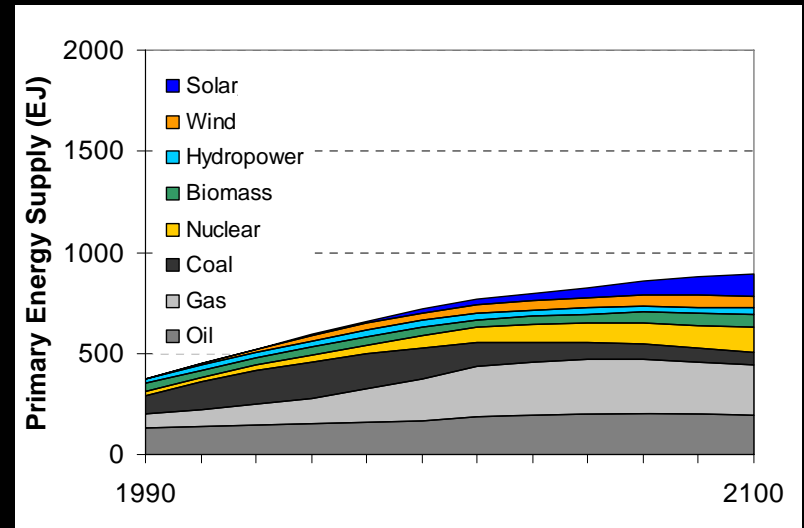
Changes to the Underlying Energy Sector

Primary Energy Resource Profile

Reference Case: "Before"



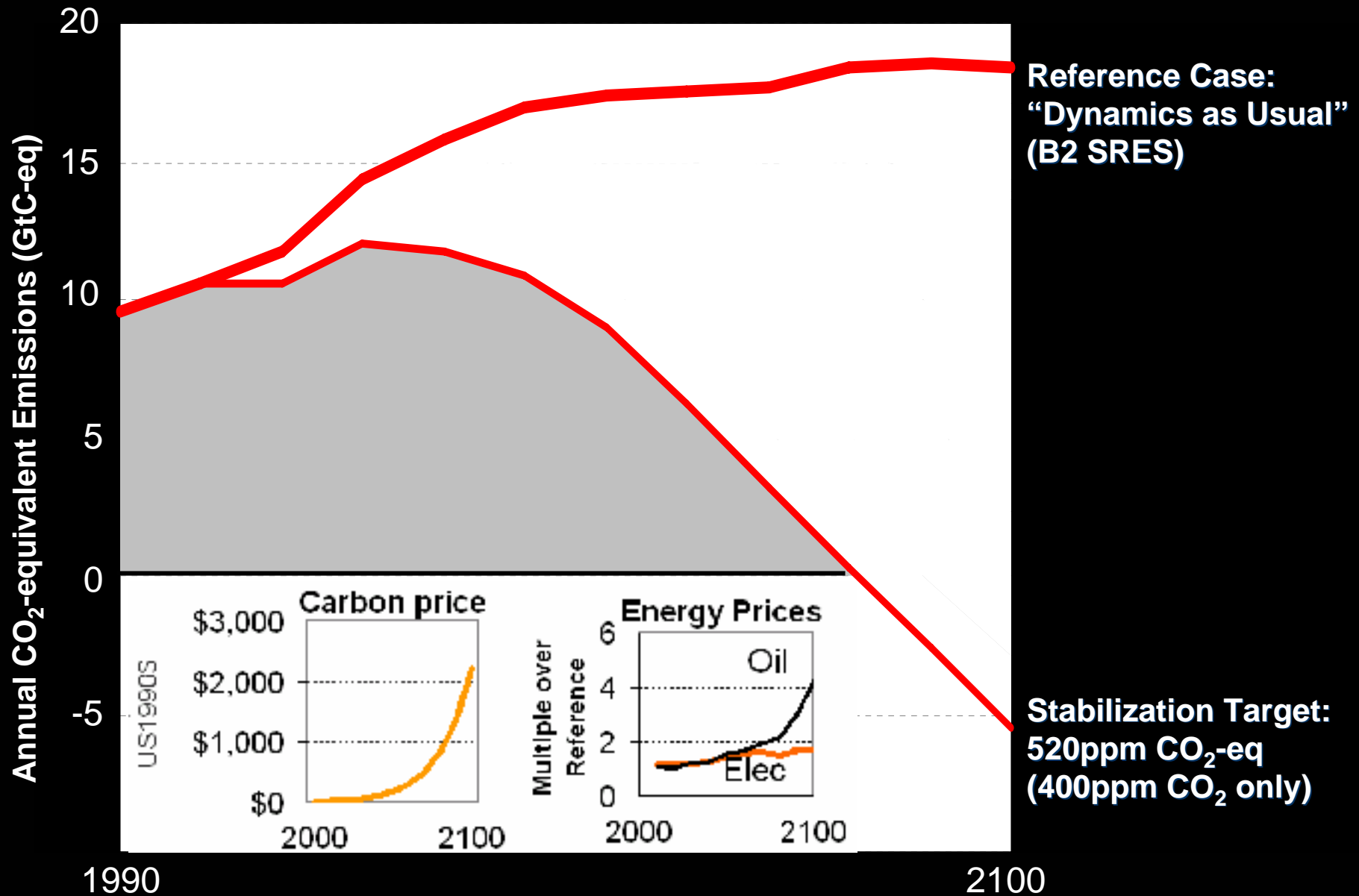
Mitigation Case: "After"



Moving beyond the familiar
for more insight...

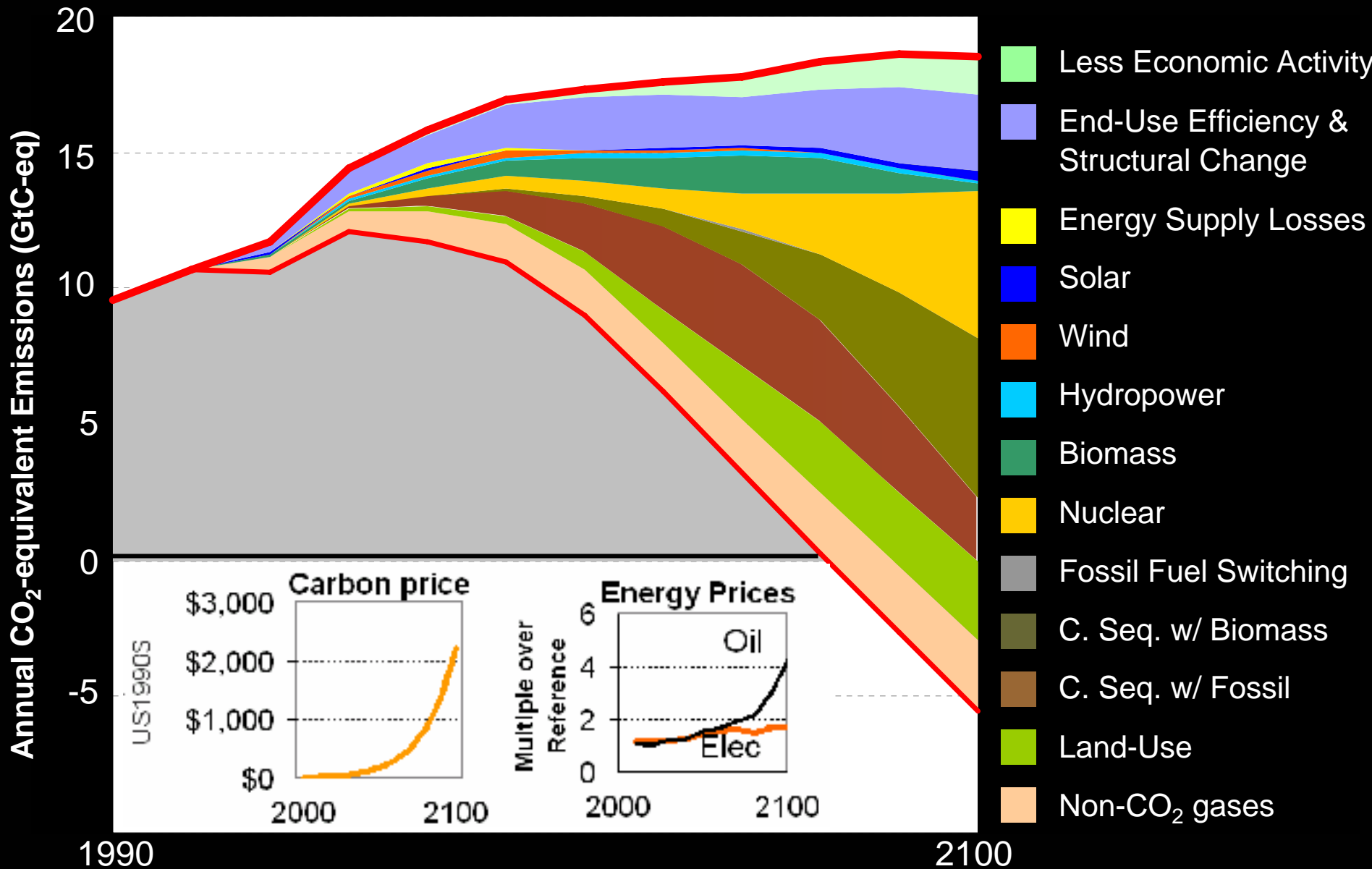
- *Lower demand*
- *Less coal*
- *...a breakthrough technology*

Decomposing Sources of Mitigation



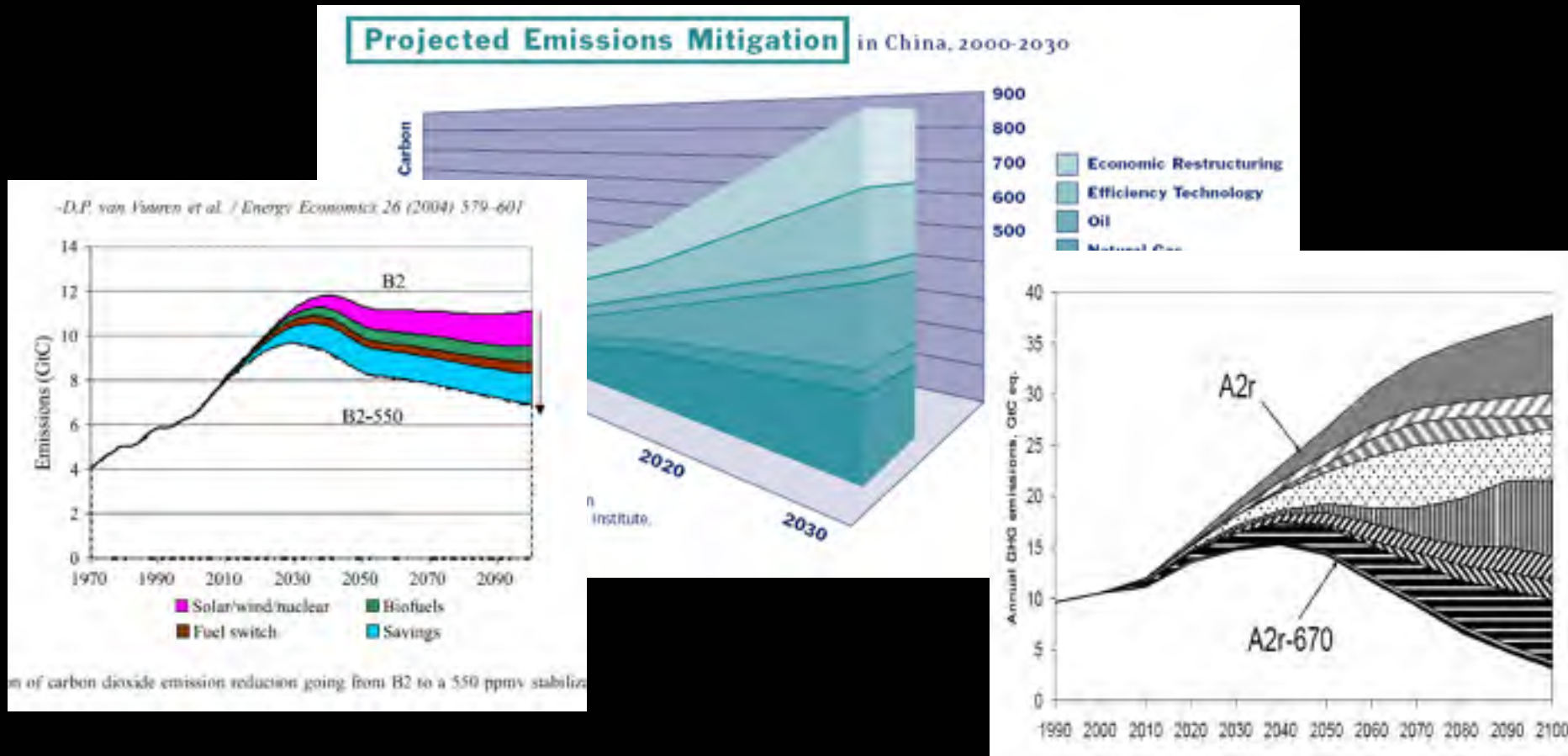
Mid-range modern MESSAGE (B1) attributed to 5.2 Gppm (602-eg (IIASA GGI, 2006)

Decomposing Sources of Mitigation



Mid-rangereference case (B2) limited to 520ppm CO₂-eq (IIASA GGI, 2006)

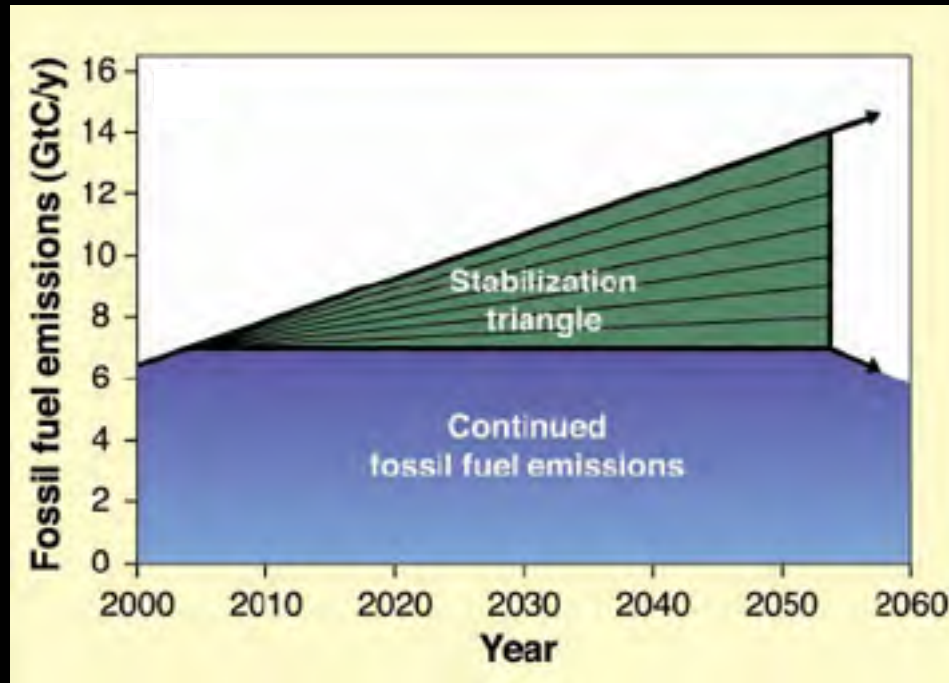
Three modeling teams have published decompositions of their scenario results, though not the algorithms used to make them.



Thus, the analysis is non-transferable and the results are incomparable.

The algorithm used here can be applied to any scenario for which sufficient energy data is disclosed.

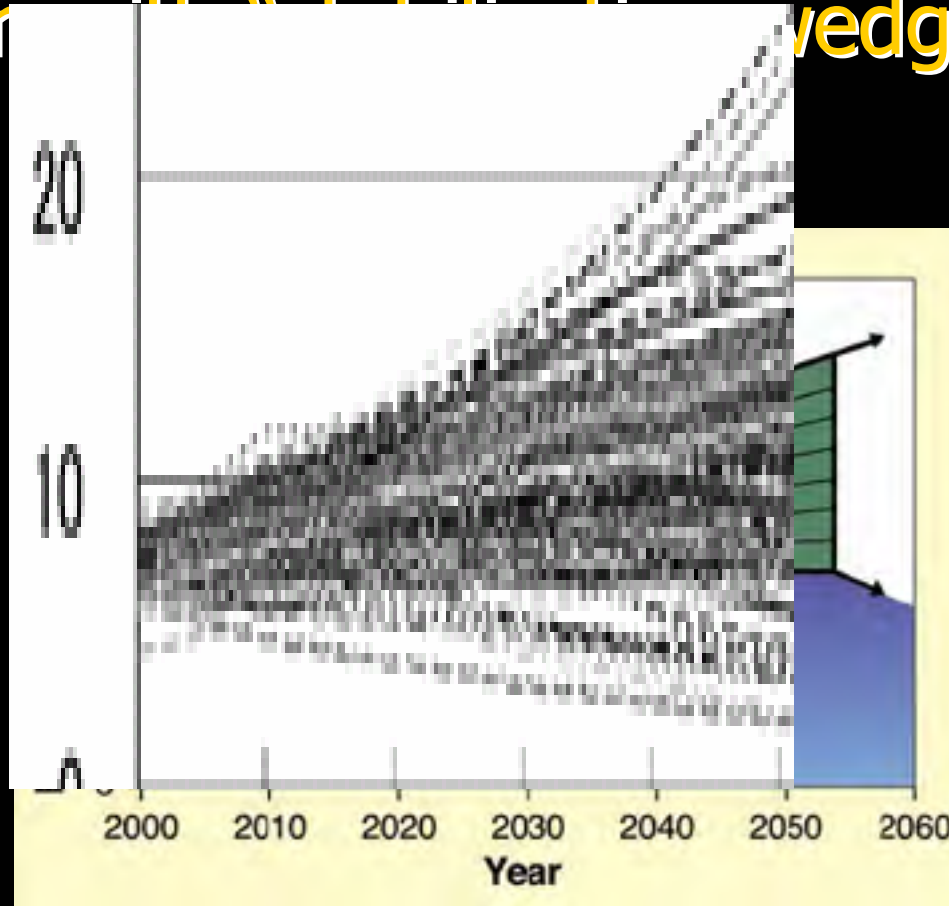
Comparison with “stabilization wedges” concept



Pacala, S. and R. Socolow. 2004. "Stabilization Wedges," Science, Vol 305

Presents fixed reference and stabilization paths,
then offers mix & match technologies
in units of a “stabilization wedge” (25 GtC).

Comparison with “stabilization wedges” concept



Pacala, S. and R. Socolow. 2004. "Stabilization Wedges," Science, Vol 305

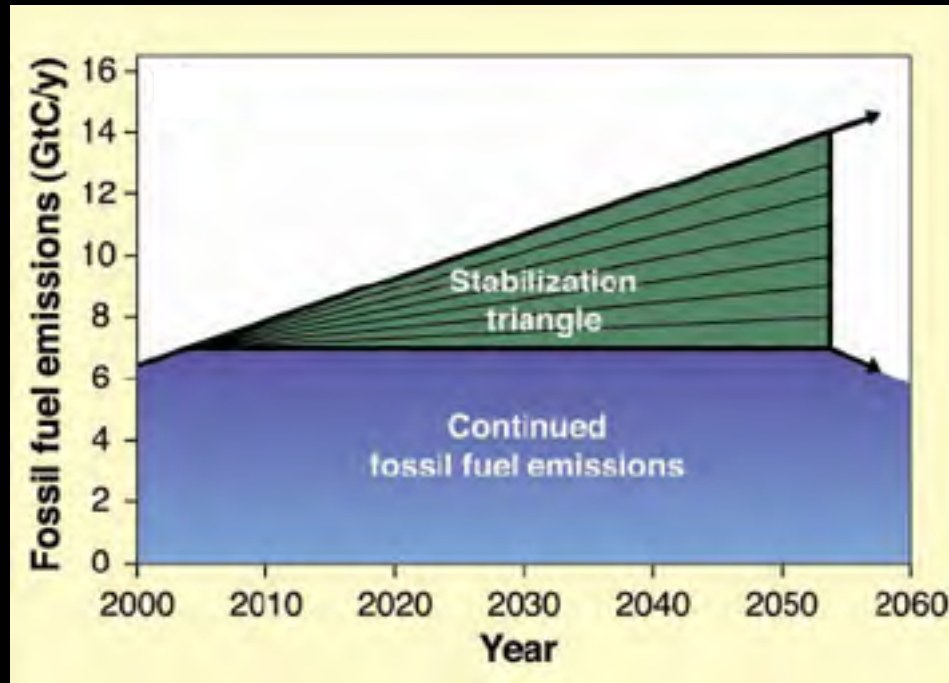
Hanaoka, et al. 2006. Greenhouse Gas Emissions Scenarios Database, NIES. (Fig 3.4)

Uncertainty is fundamental to the problem.

then offers mix & match technologies

in units of a “stabilization wedge” (25 GtC).

Comparison with “stabilization wedges” concept



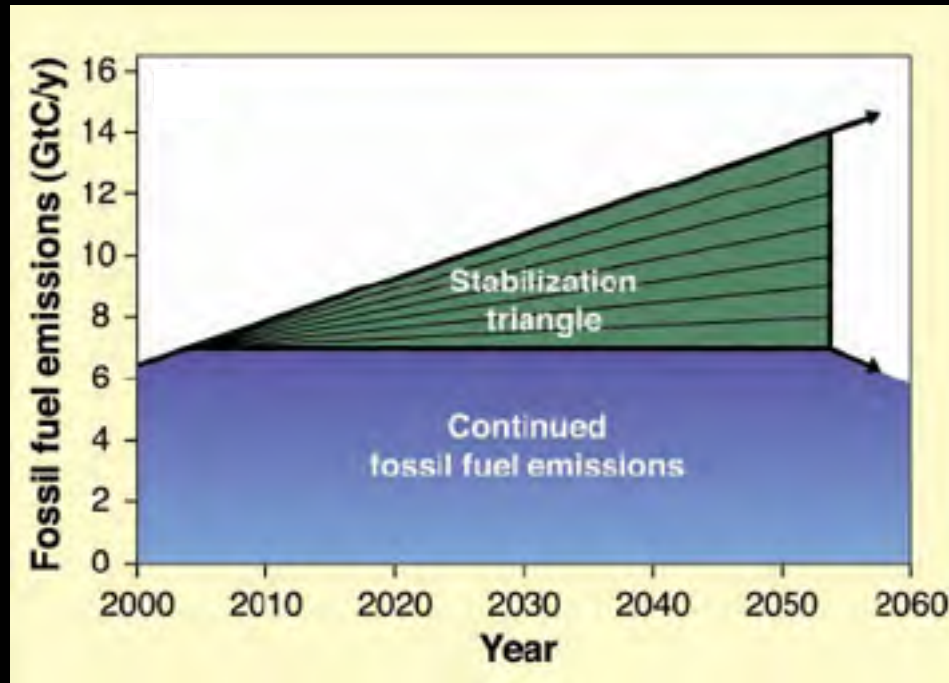
Pacala, S. and R. Socolow. 2004. "Stabilization Wedges," Science, Vol 305

Uncertainty is fundamental to the problem.

Technological innovation paths are interdependent.

in units of a “stabilization wedge” (25 GtC).

Comparison with “stabilization wedges” concept



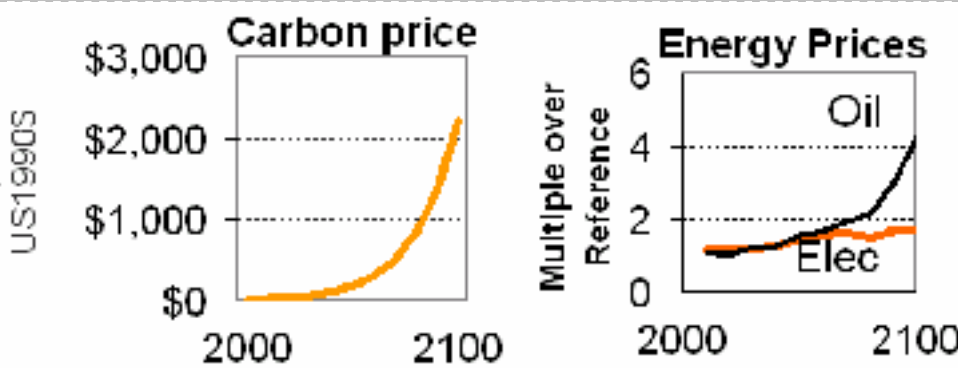
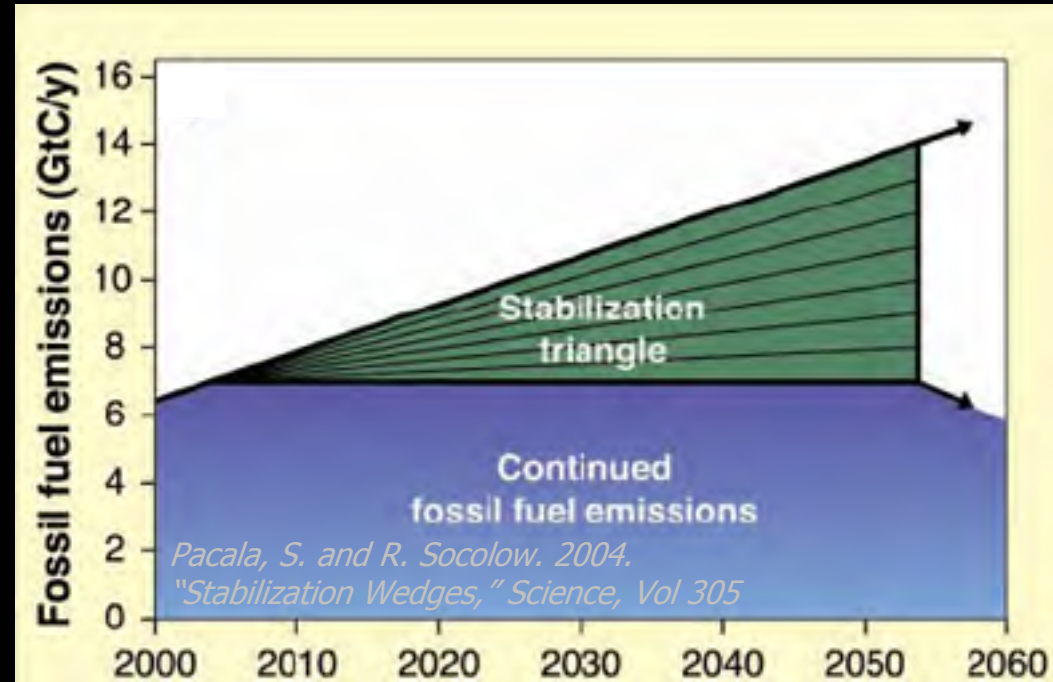
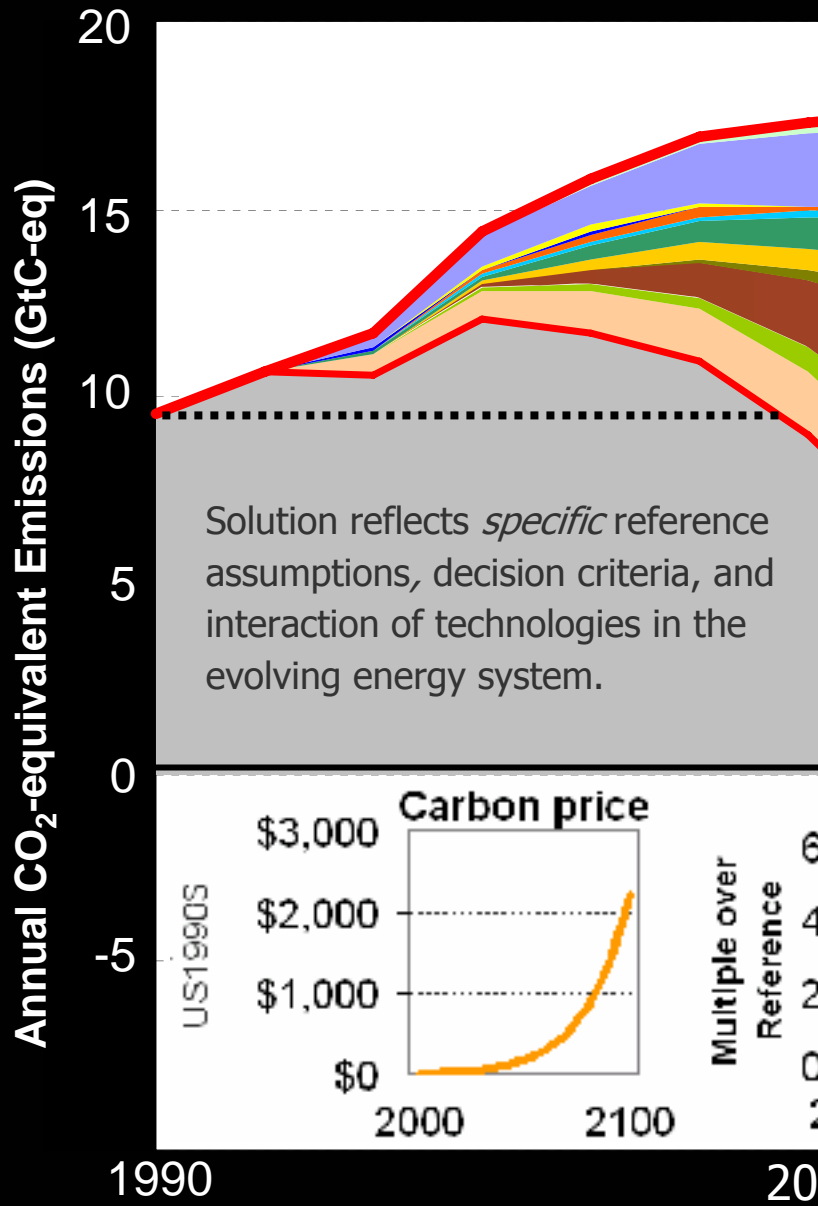
Pacala, S. and R. Socolow. 2004. "Stabilization Wedges," Science, Vol 305

Uncertainty is fundamental to the problem.

Technological innovation paths are interdependent.

Proportion and timing of mitigation measures matter.


Comparison with "stabilization wedges" concept



Mid-range reference case (B2) limited to 520ppm CO₂-eq (GGI, 2006)

Exploring Energy Futures

model agnostic

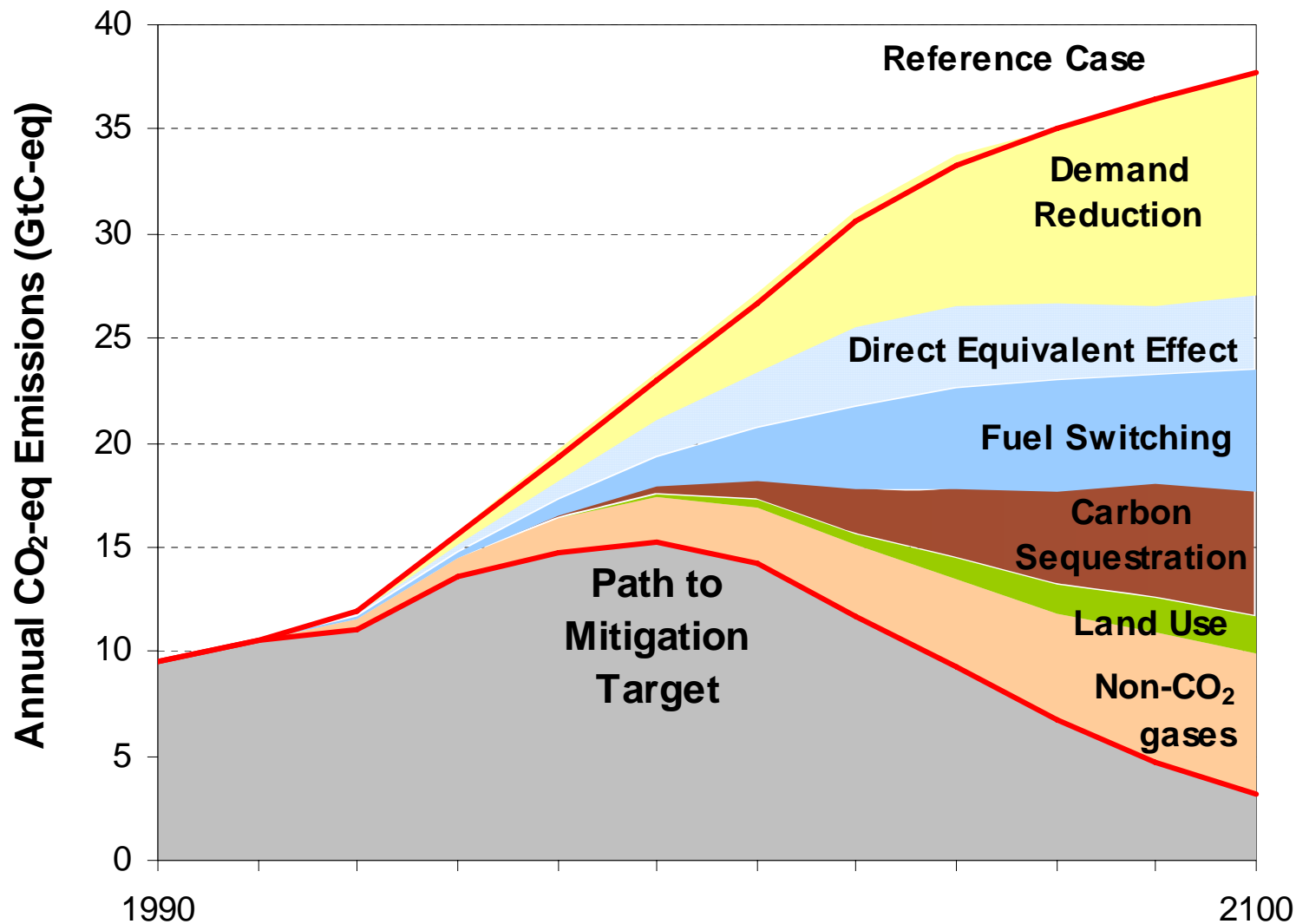
- Constructing a  common framework for interpretation
 - How do policy interventions affect key drivers of emissions?
 - What are the sources of mitigation in stabilization scenarios?
 - Accounting for direct equivalent energy accounting
- Insights from analyzing several widely-cited energy scenarios
- What is the role of energy efficiency?
- Summary of findings, and your questions

Accounting for the Direct Equivalent method

- **Primary energy accounting** affects results of both the decomposition of key drivers and the decomposition of mitigation sources, and must be taken into account.
- The **direct equivalent method** sets primary energy directly equal to the heat content of delivered final energy – giving appearance of 100% efficiency.
- The scale of the distortion increases as more **solar, hydro, and wind** power displace fossil fuels. IPCC SRES scenarios treat **nuclear** power as a direct equivalent source as well.
- Use of data based on the direct equivalent method will result in **inflated indicators for efficiency**, overestimating actual reduction in demand.


Global Emissions by Mitigation Category

Direct Equivalent assumption taken into account



Exploring Energy Futures

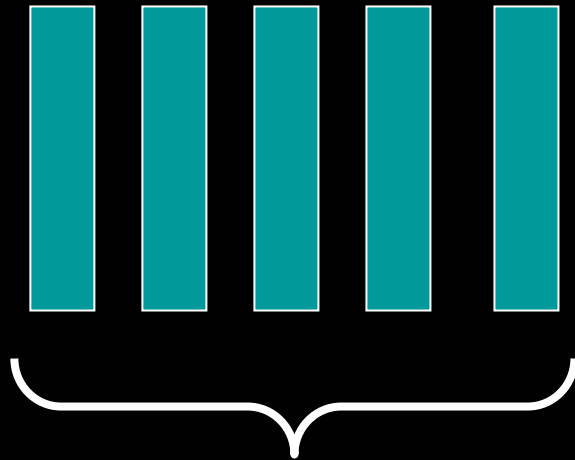
model agnostic

- Constructing a  common framework for interpretation
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Data

Summary data for 700+ scenarios

NIES Database



**Detailed
stabilization
scenarios**

Criteria for sample scenarios:

- ✓ Energy system detail
- ✓ At least three different models
- ✓ Accessible data
- ✓ Multiple reference cases
- ✓ (Relatively) Low stabilization levels

Sample Stabilization Scenarios

Scenario Study	Reference Case	Stabilization Case	Model
EMF-19	B2	550 CO2	MiniCAM
EMF-19	B2	550 CO2	IMAGE
EMF-19	B2	550 CO2	MSG-MCR
WBGU	A1T*	450 CO2	MSG-MCR
WBGU	B1*	400 CO2	MSG-MCR
IPCC TAR	A2	550 CO2	MSG-MCR
GGI	A2	670 CO2 eq	MSG-MCR
GGI	B2	480 CO2 eq	MSG-MCR
GGI	B1	480 CO2 eq	MSG-MCR
MNP	B1	400 CO2	IMAGE
IPCC TAR	A1B	550 CO2	IMAGE

Multiple reference cases

(Relatively) Low
Stabilization targets

Multiple models

Sample Stabilization Scenarios

	Scenario Study	Reference Case	Stabilization Case	Model
①	EMF-19	B2	550 CO2	MiniCAM
	EMF-19	B2	550 CO2	IMAGE 2.2
	EMF-19	B2	550 CO2	MSG-MCR
②	WBGU	A1T*	450 CO2	MSG-MCR
	WBGU	B1*	400 CO2	MSG-MCR
③	IPCC TAR	A2	550 CO2	MSG-MCR
	GGI	A2	670 CO2 eq	MSG-MCR
④	GGI	B2	520 CO2 eq	MSG-MCR
	GGI	B1	480 CO2 eq	MSG-MCR
⑤	MNP	B1	450 CO2	IMAGE 2.2

Common: Reference case & Stabilization target

Different: Model & Technology assumptions

Reference
Stabilization targets

Model
Technology assumptions

Reference case *
Stabilization target

Model
Technology assumptions

Reference
Stabilization targets

Model
Technology assumptions

Two "low-low" scenarios

Impact of model & modeler assumptions:

Same reference & stabilization target

Different models & technology assumptions

Reference: "Dynamics as Usual" (B2 SRES)

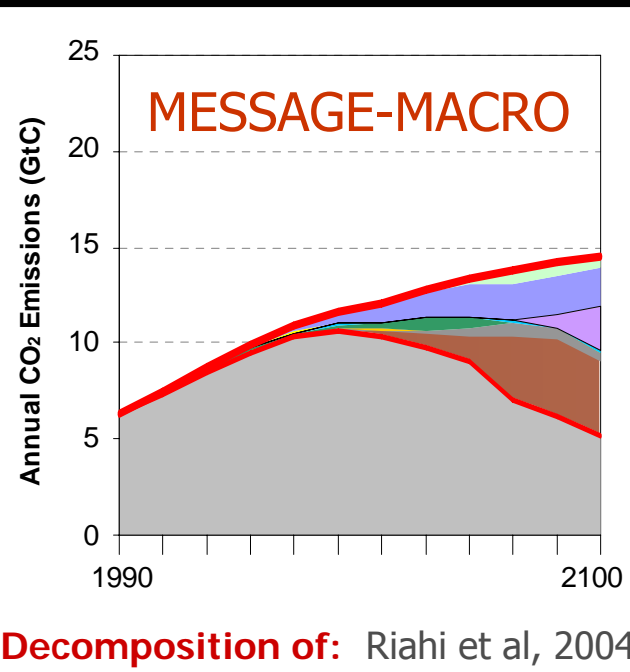
Mitigation Target: 550ppm CO₂ (doubling of pre-industrial levels)

Study: Energy Modeling Forum, Study #19

Impact of model & modeler assumptions:

Same reference & stabilization target

Different models & technology assumptions



Reference: "Dynamics as Usual" (B2 SRES)

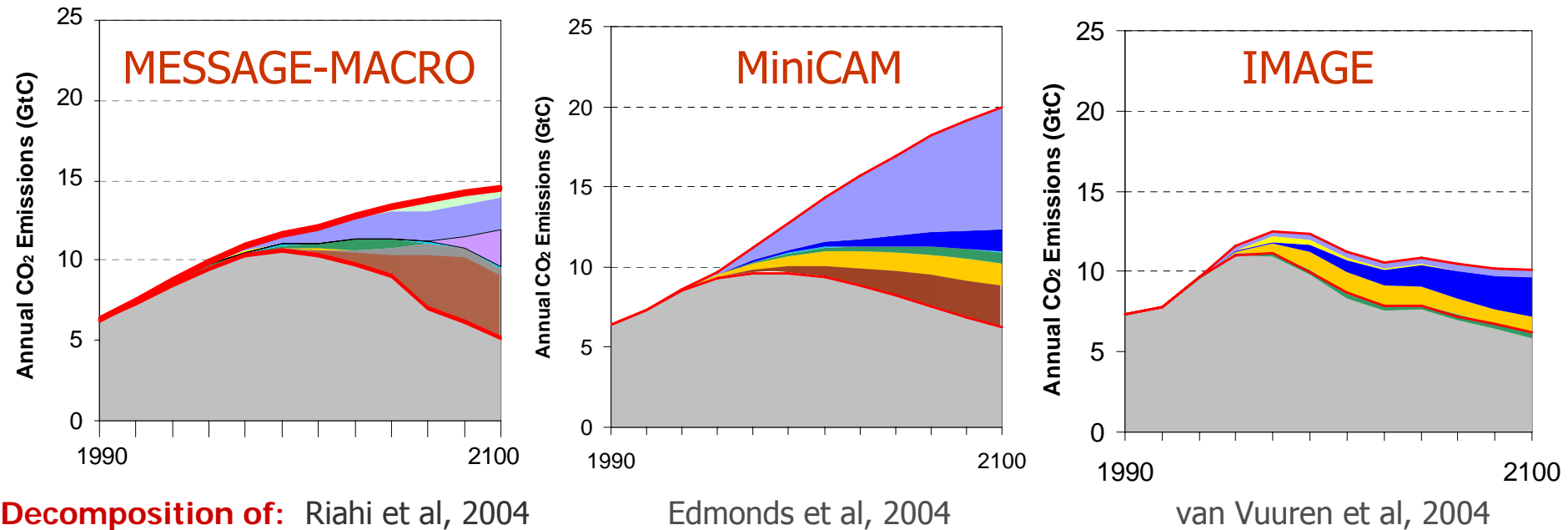
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Impact of model & modeler assumptions:

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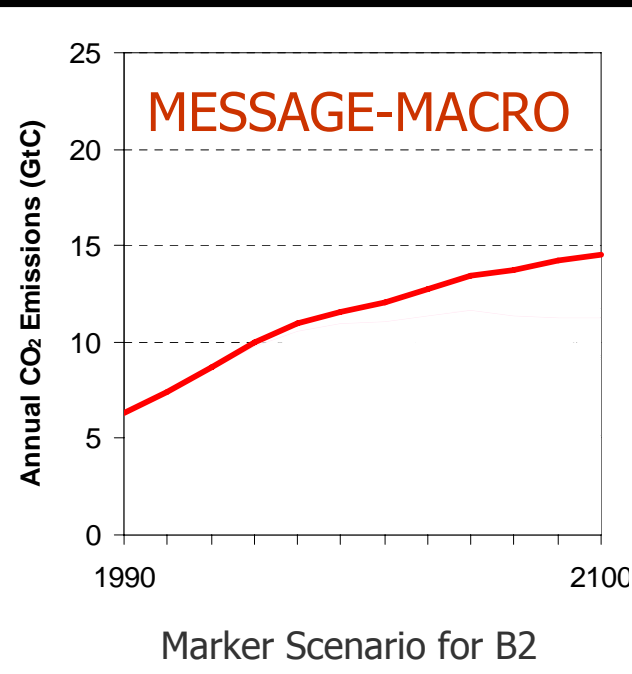
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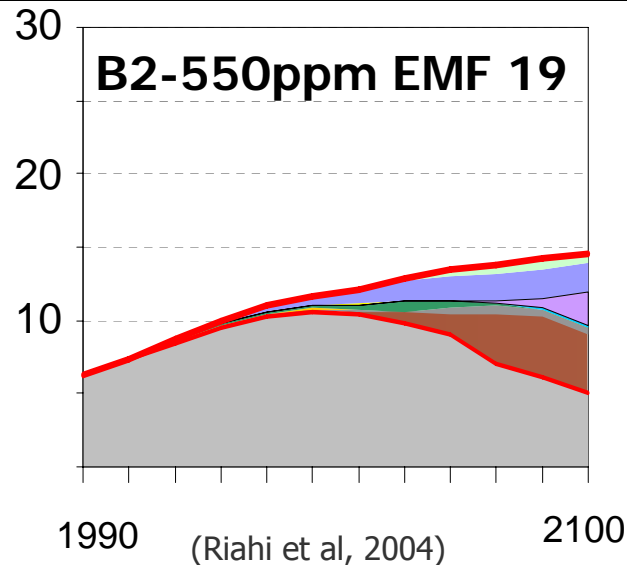


Impact of Technology Assumptions:

Same Model (MESSAGE-MACRO, 2000-2004)

Different Reference cases & Stabilization targets

Annual CO₂ Emissions (GtC)

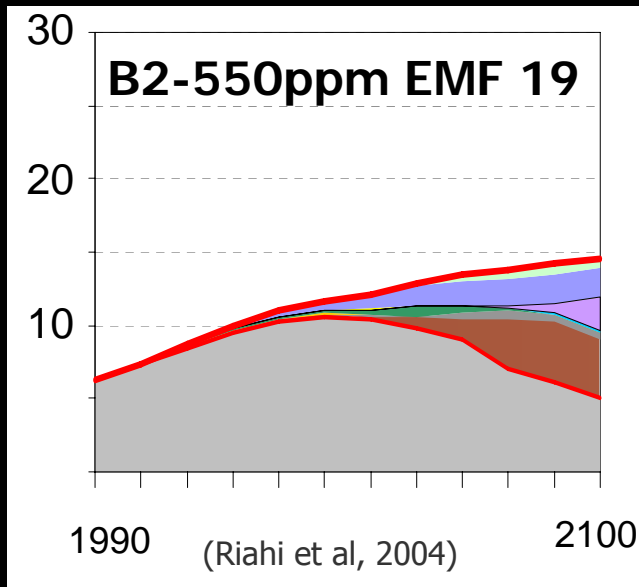


Impact of Technology Assumptions:

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Annual CO₂ Emissions (GtC)



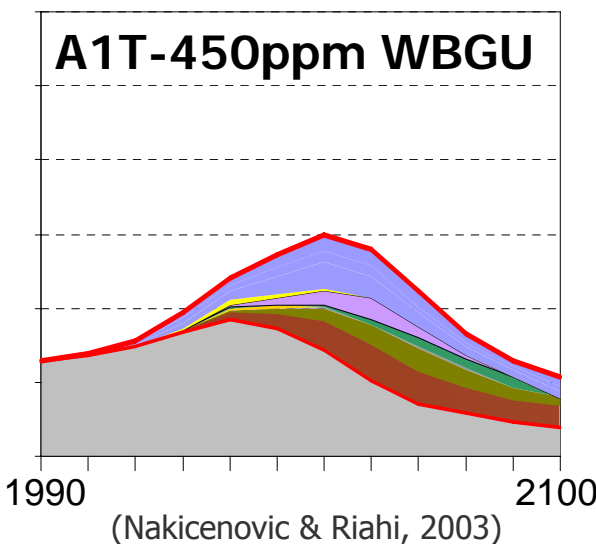
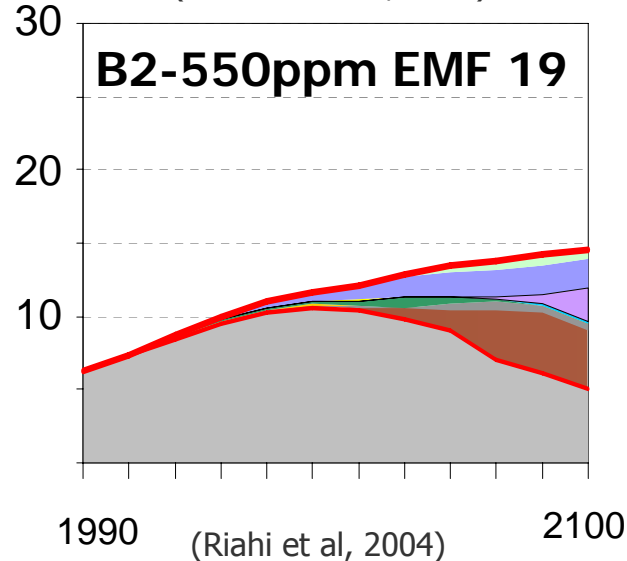
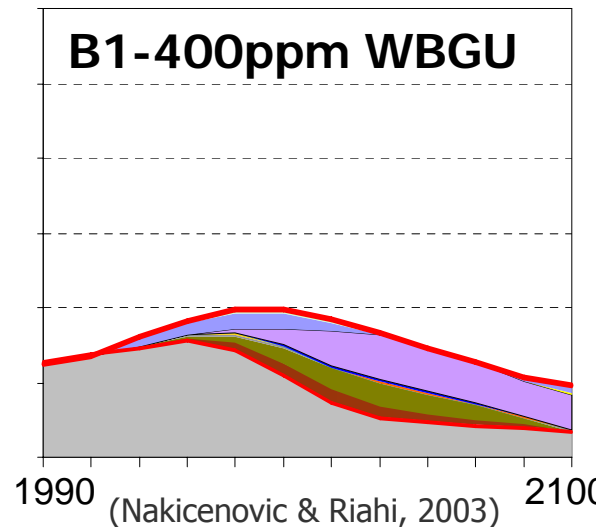
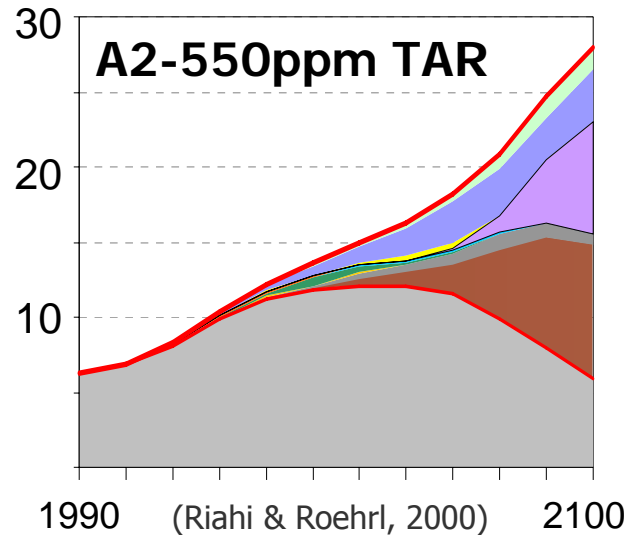
- Less Economic Activity
- End-Use Efficiency & Structural Change
- Energy Supply Losses
- Solar
- Solar-sourced Hydrogen
- Wind
- Hydropower
- Biomass
- Nuclear
- Fossil Fuel Switching
- C. Seq. w/ Biomass
- C. Seq. w/ Fossil

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Annual CO₂ Emissions (GtC)



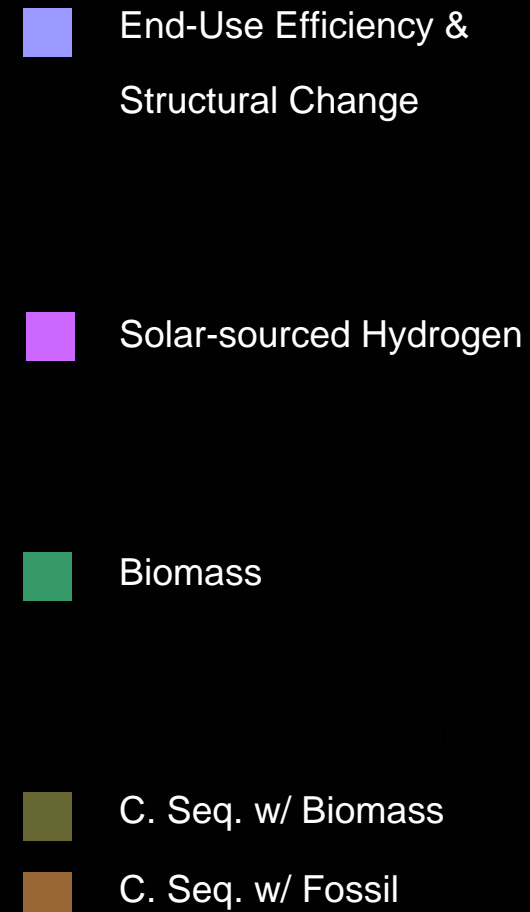
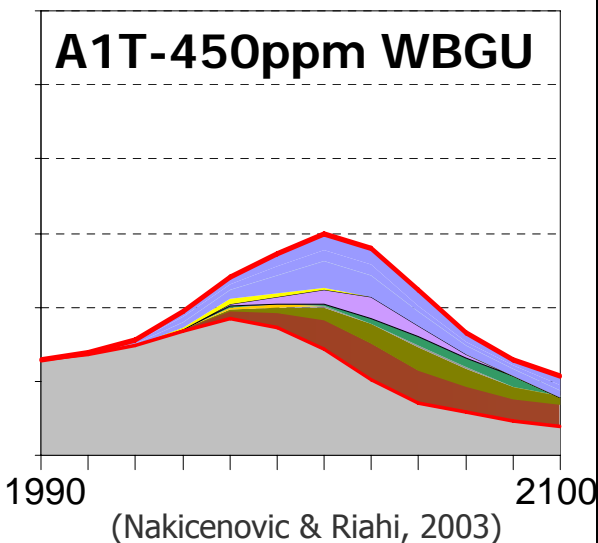
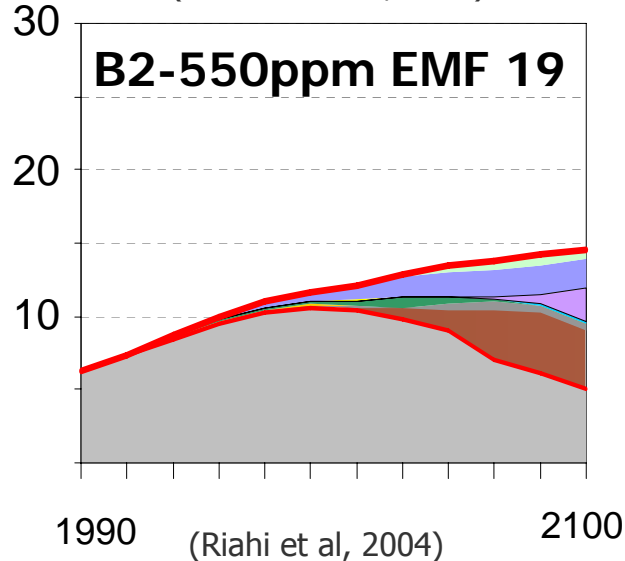
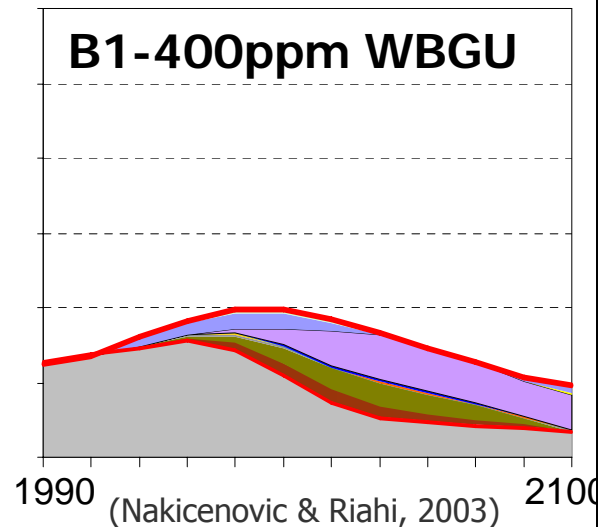
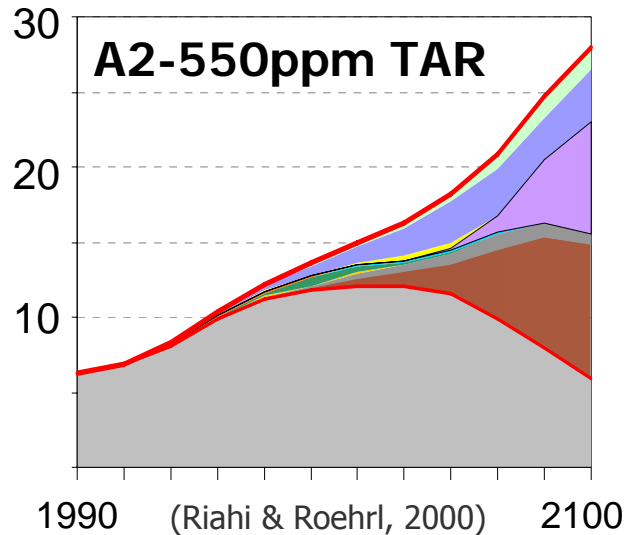
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Impact of Technology Assumptions:

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Annual CO₂ Emissions (GtC)

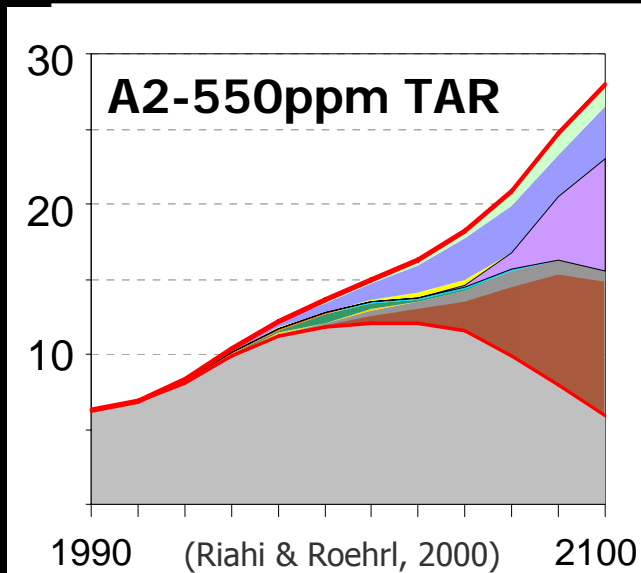


Impact of Technology Assumptions:

Same Model (MESSAGE-MACRO, 2000-2004)

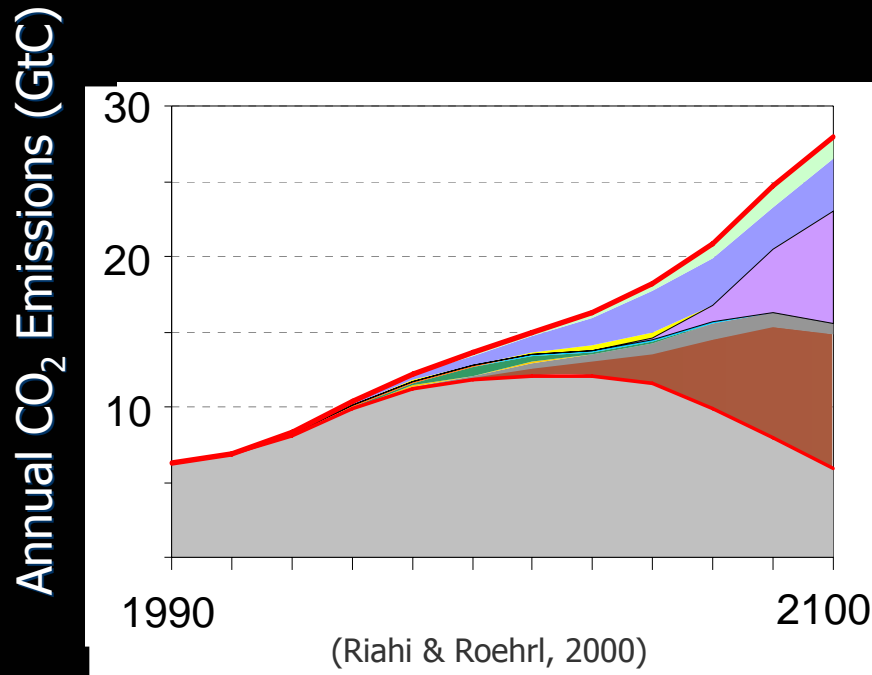
Different Reference cases & Stabilization targets

Annual CO₂ Emissions (GtC)



Impact of technology assumptions:

Similar high growth reference case and stabilization target from the same model with different technology assumptions



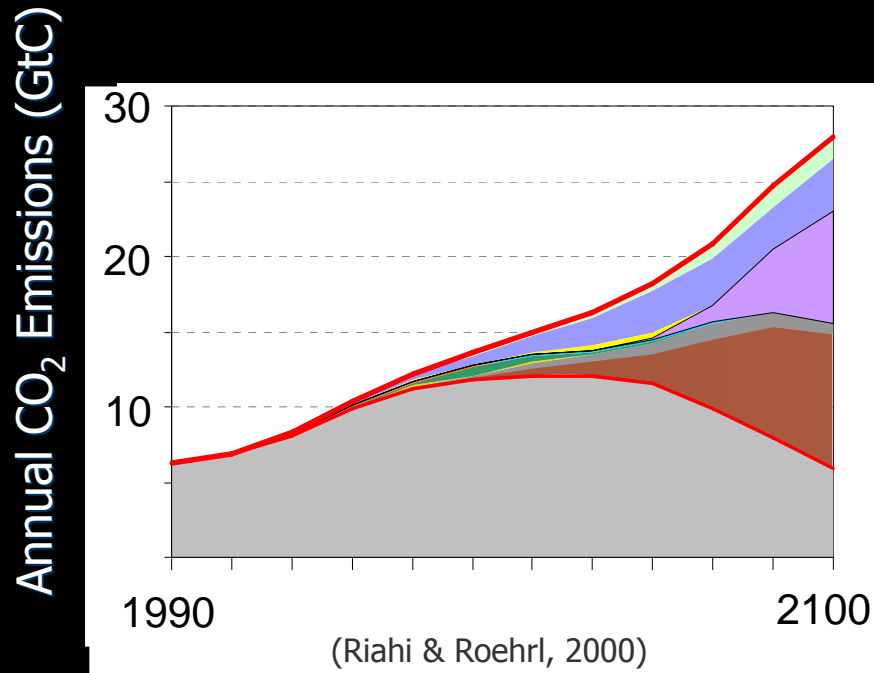
Reference: A2 (SRES)

Target: 550 ppm CO₂ only

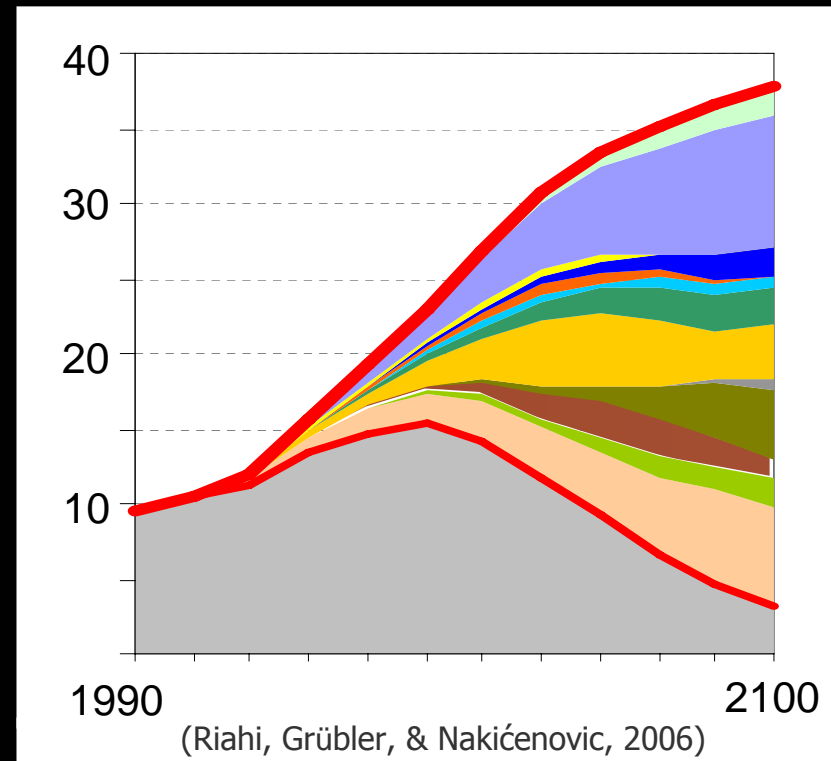
Model: MESSAGE-MACRO

Impact of technology assumptions:

Similar high growth reference case and stabilization target from the same model with different technology assumptions



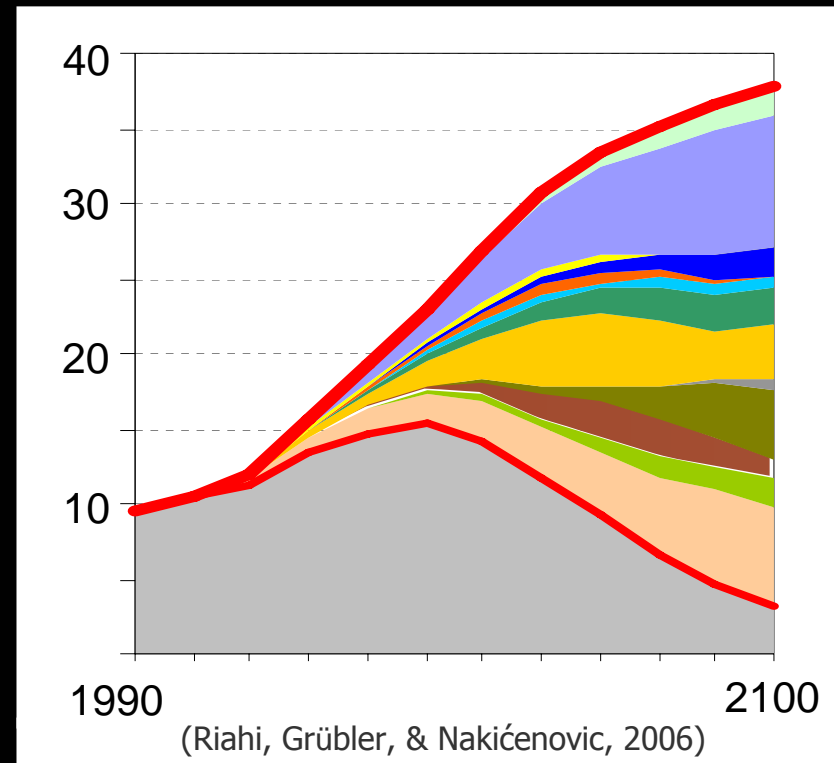
Reference: A2 (SRES)
Target: 550 ppm **CO₂ only**
Model: MESSAGE-MACRO



Reference: A2 (SRES) multi-gas
Target: 4.5 W/m² (670ppm **CO₂-eq**) multi-gas
Model: MESSAGE-MACRO

Impact of technology assumptions:

Similar high growth reference case and stabilization target from the same model with different technology assumptions



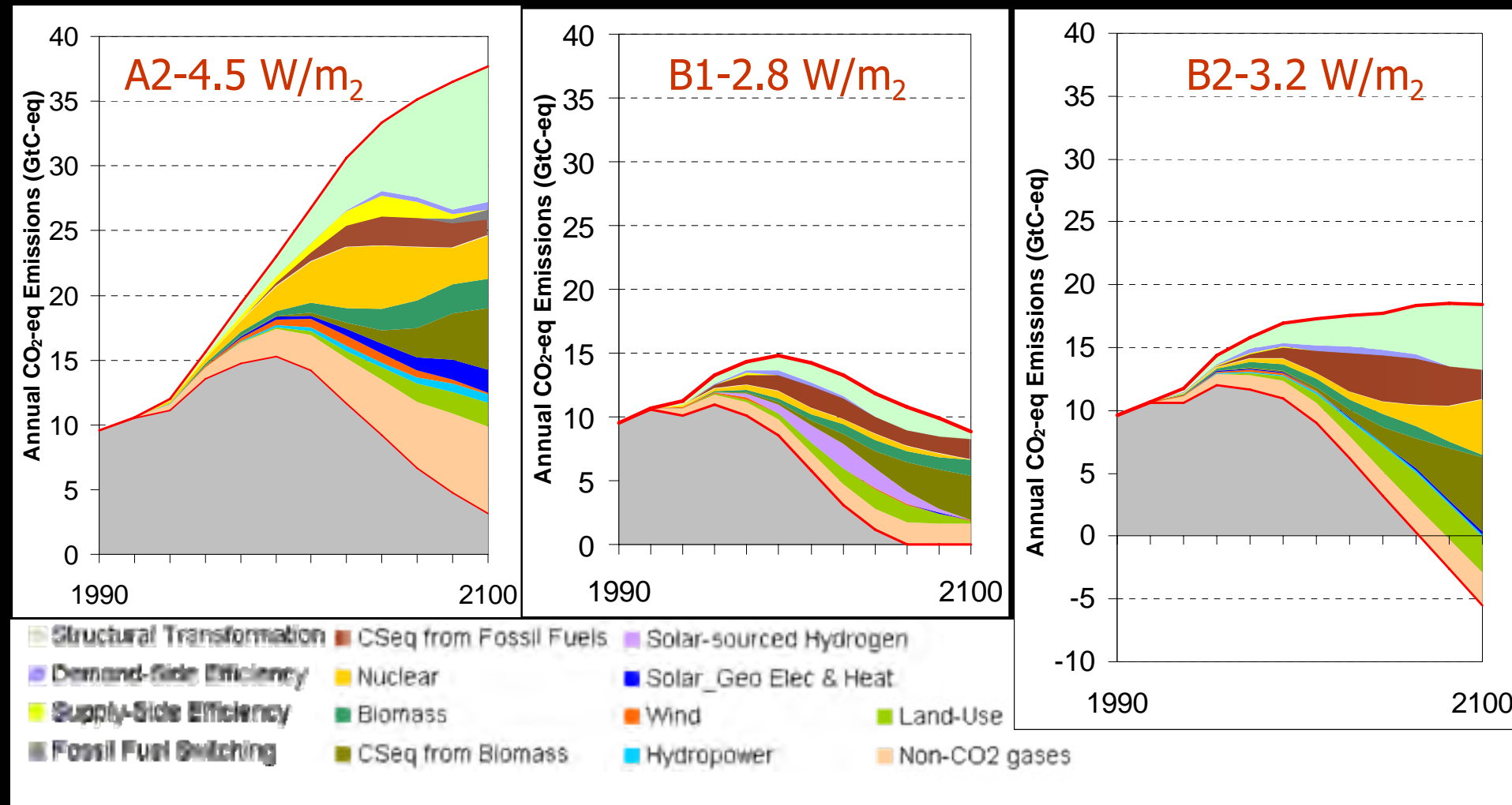
Reference: A2 (SRES) multi-gas

Target: 4.5 W/m² (670ppm CO₂-eq) multi-gas

Model: MESSAGE-MACRO

Impact of scenario assumptions:


Same model & similar technology assumptions
Different reference cases & stabilization targets



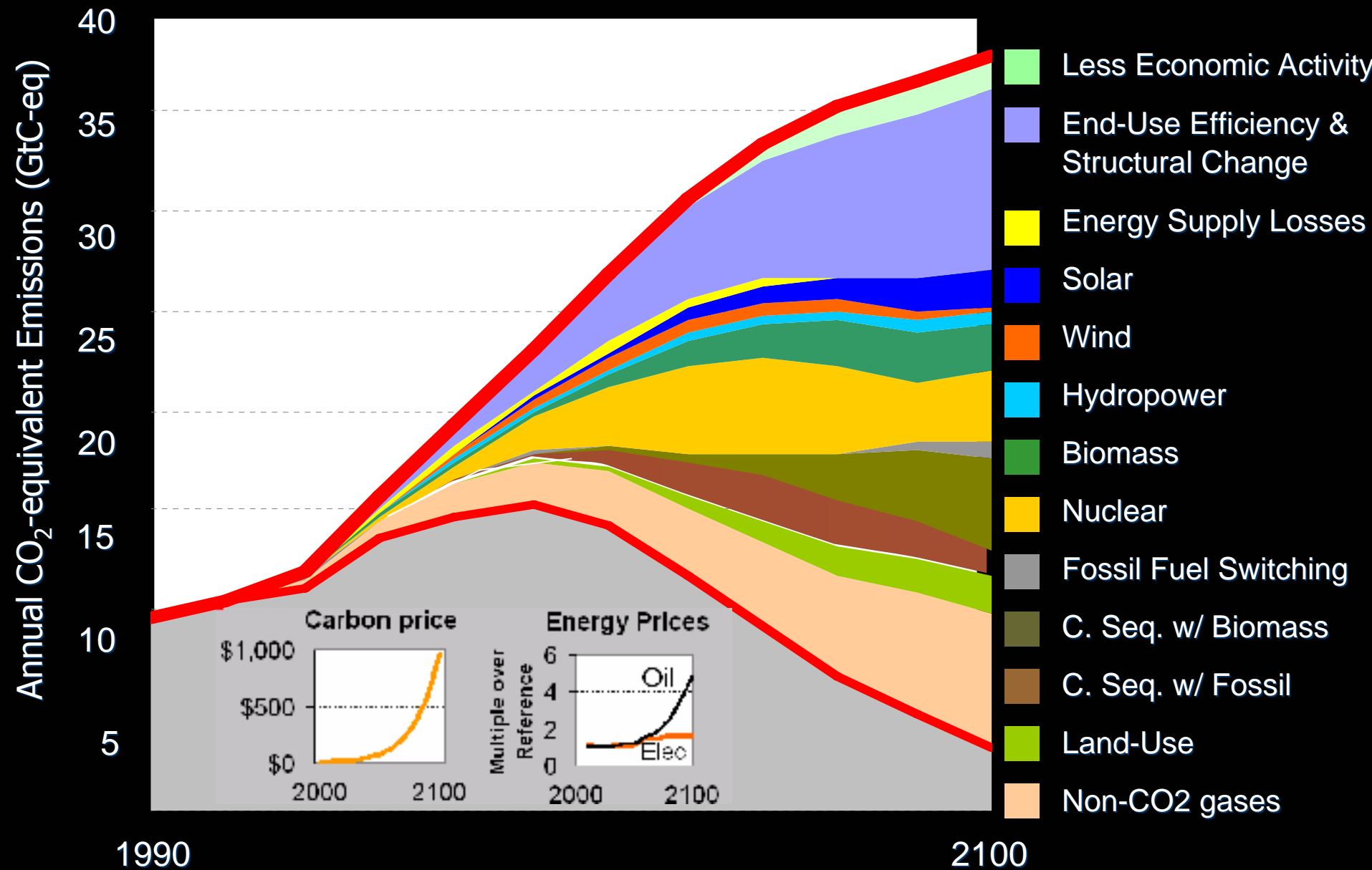
MESSAGE-MACRO scenarios by IIASA Greenhouse Gas Initiative

Exploring Energy Futures

model agnostic

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Examining the Role of Efficiency



High growth reference case (A2) limited to 670ppm CO₂-eq (MSG-MACRO, IIASA GGI, 2006)

Examining the Role of Efficiency

Economic Welfare
(GDP per Capita)

Energy Intensity of
Economic Activity

Energy Supply
Loss Factor

Carbon Intensity
of Energy Supply

Fraction
Disposed
to Atmosphere

$$\frac{\text{GDP}}{P}$$

$$\frac{\text{FE}}{\text{GDP}}$$

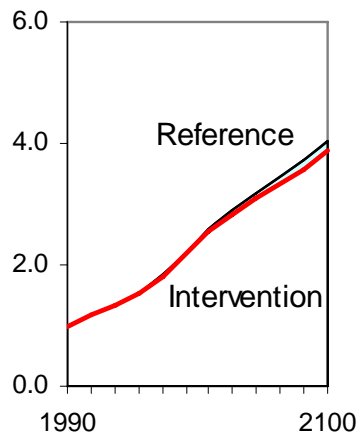
$$\frac{\text{PE}}{\text{FE}}$$

$$\frac{\text{TC}}{\text{PE}}$$

$$\frac{C}{\text{TC}}$$

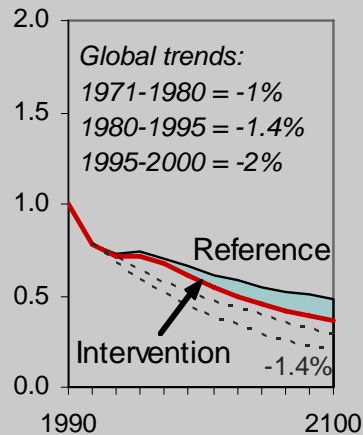
Examining the Role of Efficiency

**Economic Welfare
(GDP per Capita)**



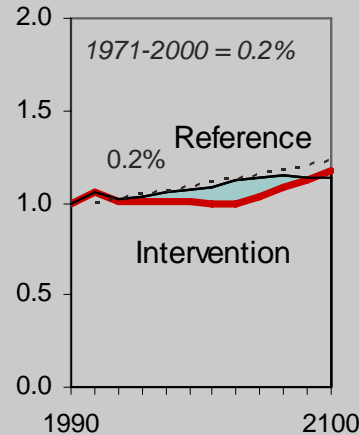
$$\frac{\text{GDP}}{P}$$

**Energy Intensity of
Economic Activity**



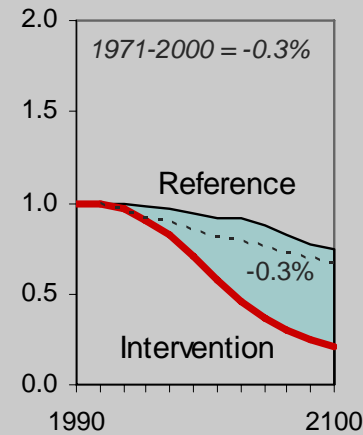
$$\frac{\text{FE}}{\text{GDP}}$$

**Energy Supply
Loss Factor**



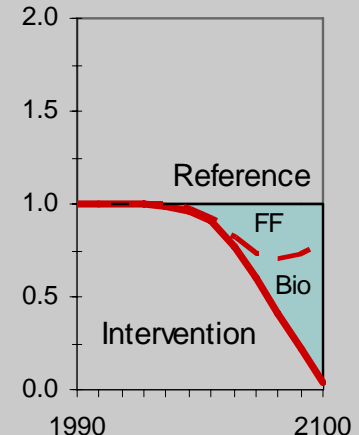
$$\frac{\text{PE}}{\text{FE}}$$

**Carbon Intensity
of Energy Supply**



$$\frac{\text{TC}}{\text{PE}}$$

**Fraction
Disposed
to Atmosphere**



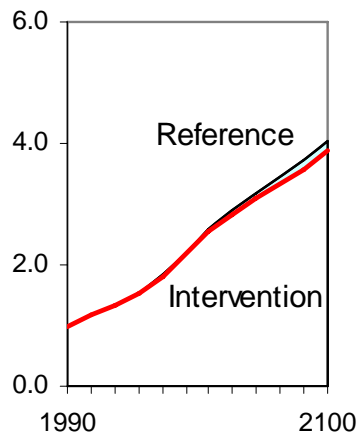
$$\frac{C}{TC}$$

Indexed to 1990=1

High growth reference case (A2) limited to 670ppm CO₂-eq (MSG-MACRO, IIASA GGI, 2006)

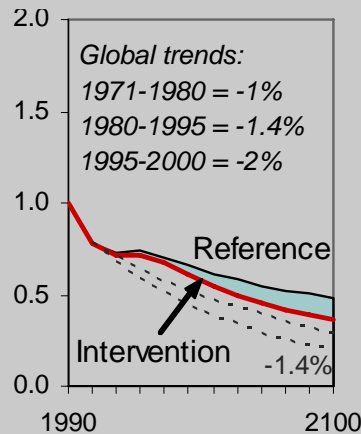
Examining the Role of Efficiency

**Economic Welfare
(GDP per Capita)**



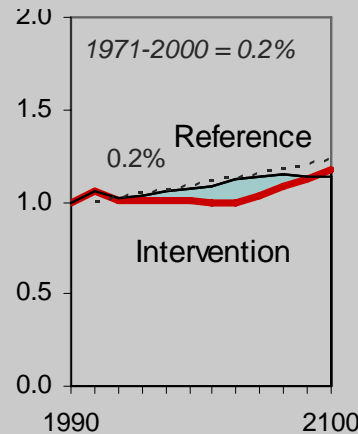
$$\frac{\text{GDP}}{P}$$

**Energy Intensity of
Economic Activity**



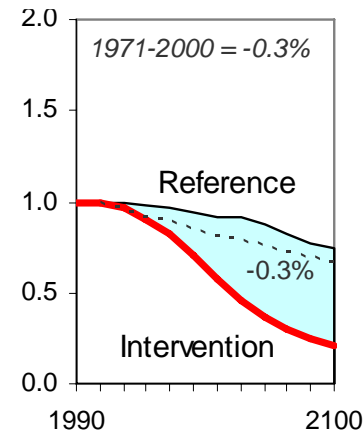
$$\frac{\text{FE}}{\text{GDP}}$$

**Energy Supply
Loss Factor**



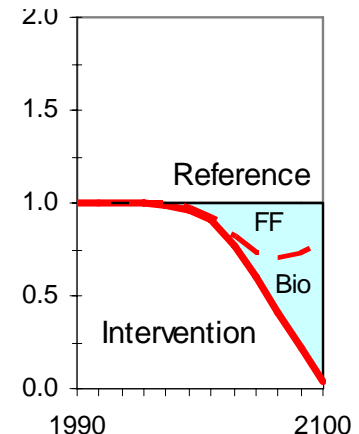
$$\frac{\text{PE}}{\text{FE}}$$

**Carbon Intensity
of Energy Supply**



$$\frac{\text{TC}}{\text{PE}}$$

**Fraction
Disposed
to Atmosphere**



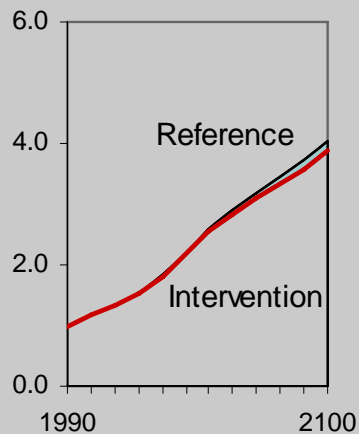
$$\frac{C}{TC}$$

Indexed to 1990=1

High growth reference case (A2) limited to 670ppm CO₂-eq (MSG-MACRO, IIASA GGI, 2006)

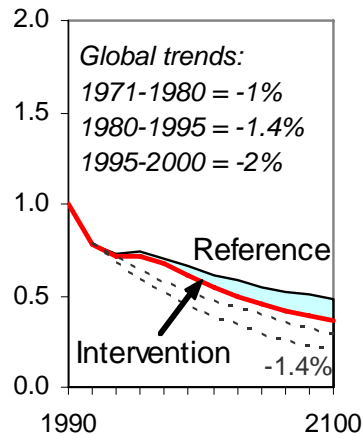
Examining the Role of Efficiency

**Economic Welfare
(GDP per Capita)**



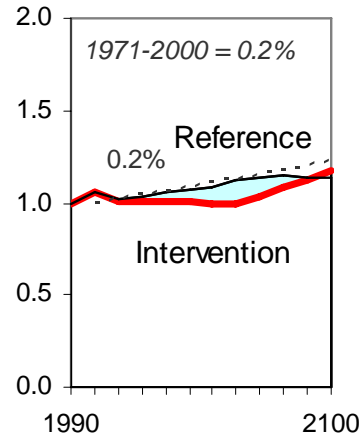
$$\frac{\text{GDP}}{P}$$

**Energy Intensity of
Economic Activity**



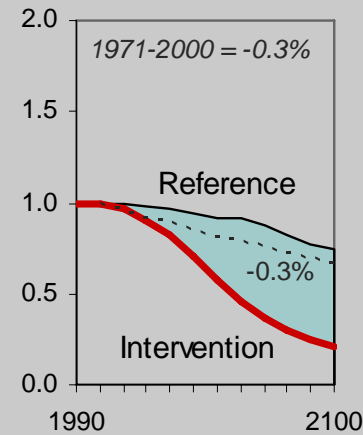
$$\frac{\text{FE}}{\text{GDP}}$$

**Energy Supply
Loss Factor**



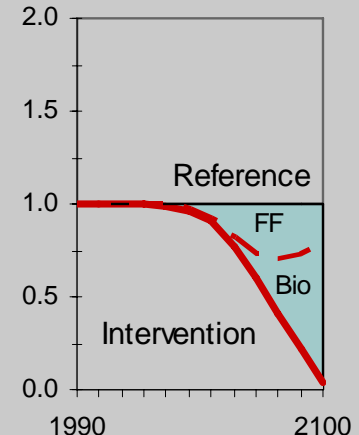
$$\frac{\text{PE}}{\text{FE}}$$

**Carbon Intensity
of Energy Supply**



$$\frac{\text{TC}}{\text{PE}}$$

**Fraction
Disposed
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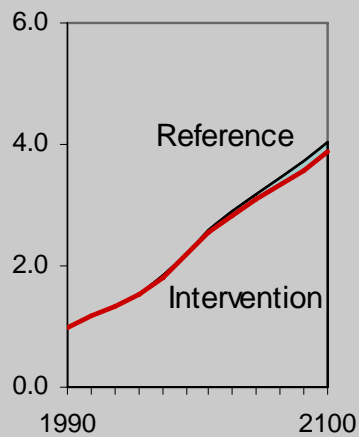
$$\frac{C}{TC}$$

Indexed to 1990=1

High growth reference case (A2) limited to 670ppm CO₂-eq (MSG-MACRO, IIASA GGI, 2006)

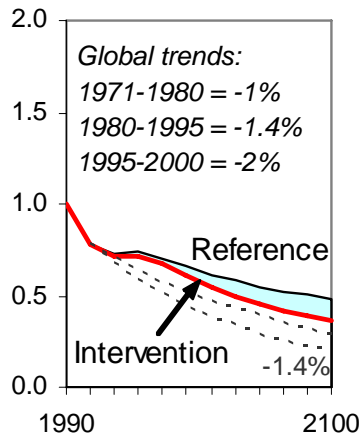
Examining the Role of Efficiency

**Economic Welfare
(GDP per Capita)**



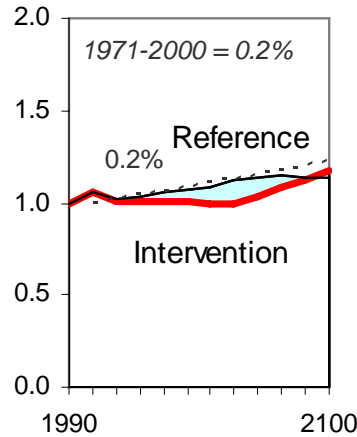
GDP
P

**Energy Intensity of
Economic Activity**



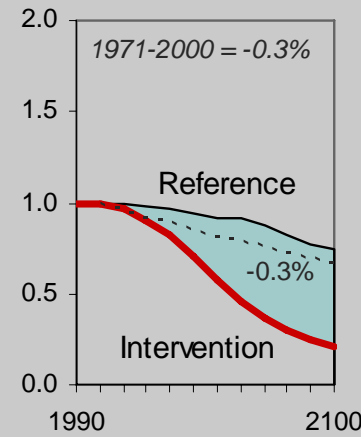
FE
GDP

**Energy Supply
Loss Factor**

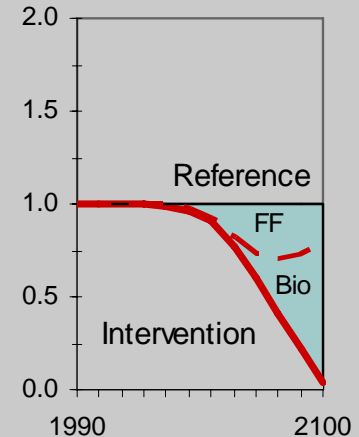


PE
FE

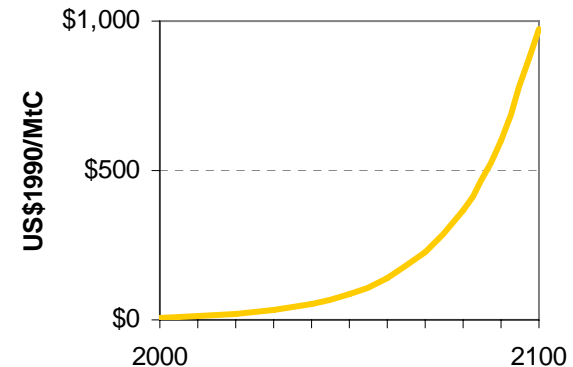
**Carbon Intensity
of Energy Supply**



**Fraction
Disposed
to Atmosphere**



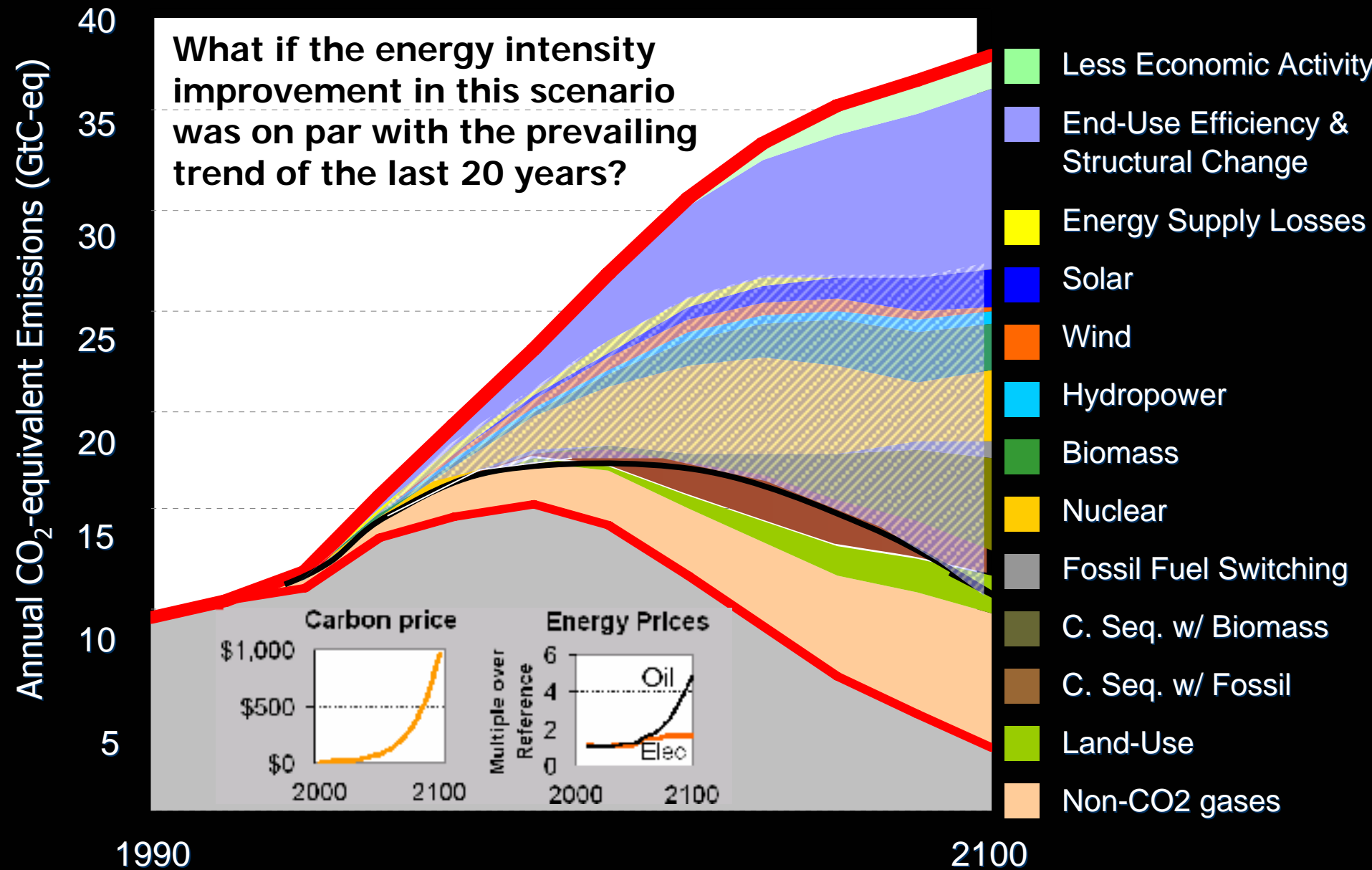
Carbon Shadow Price



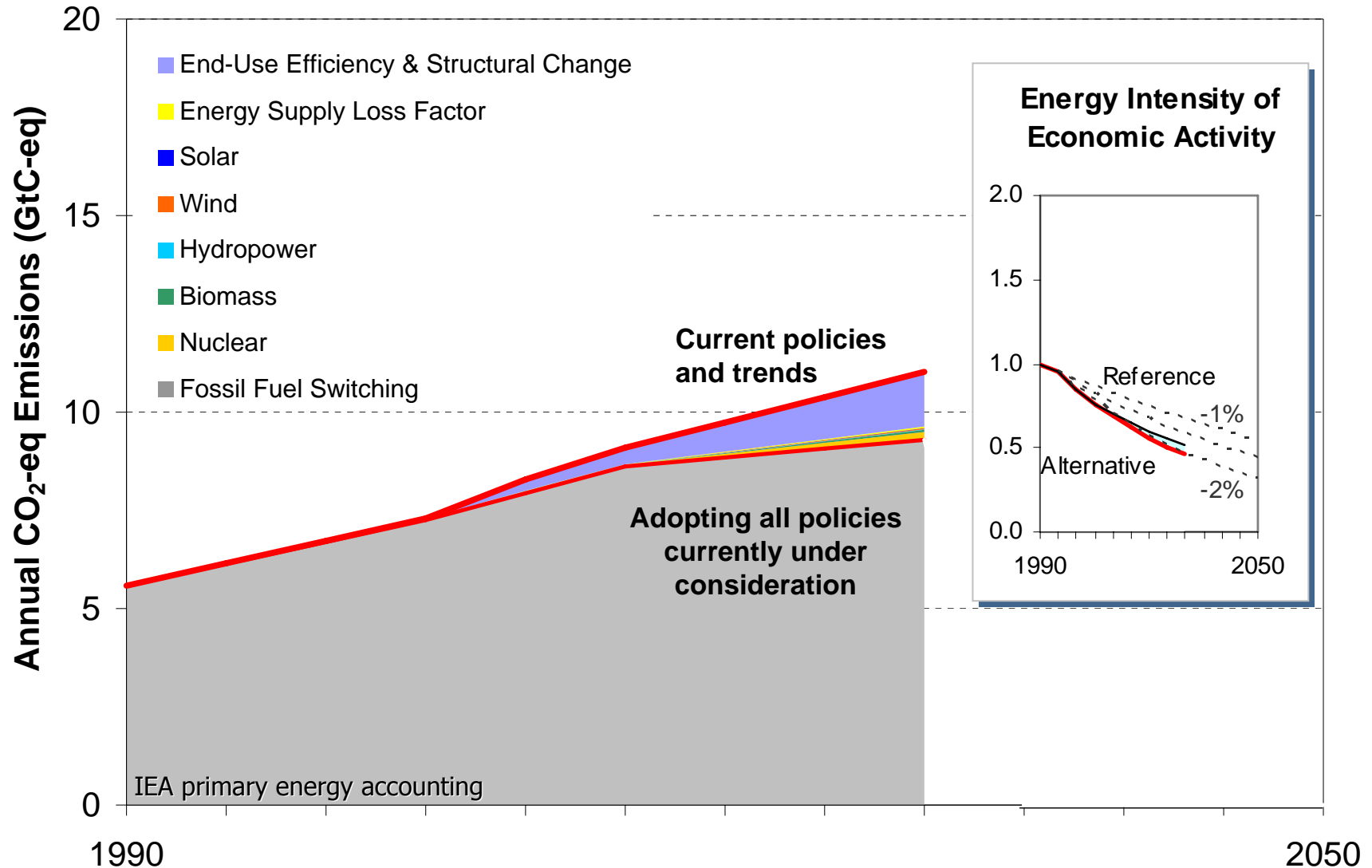
What if...?

Indexed to 1990=1

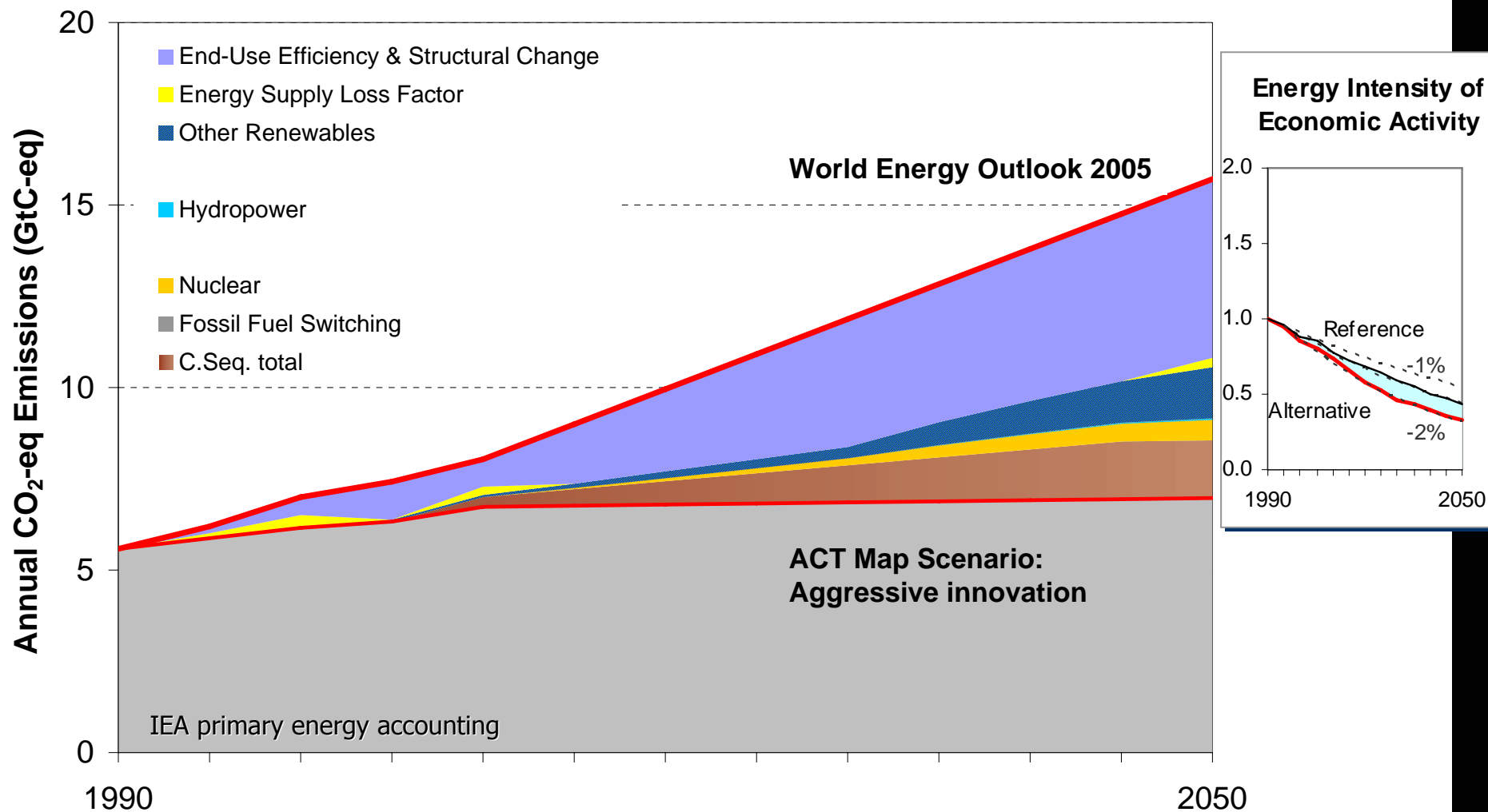
What difference does 0.5% make?



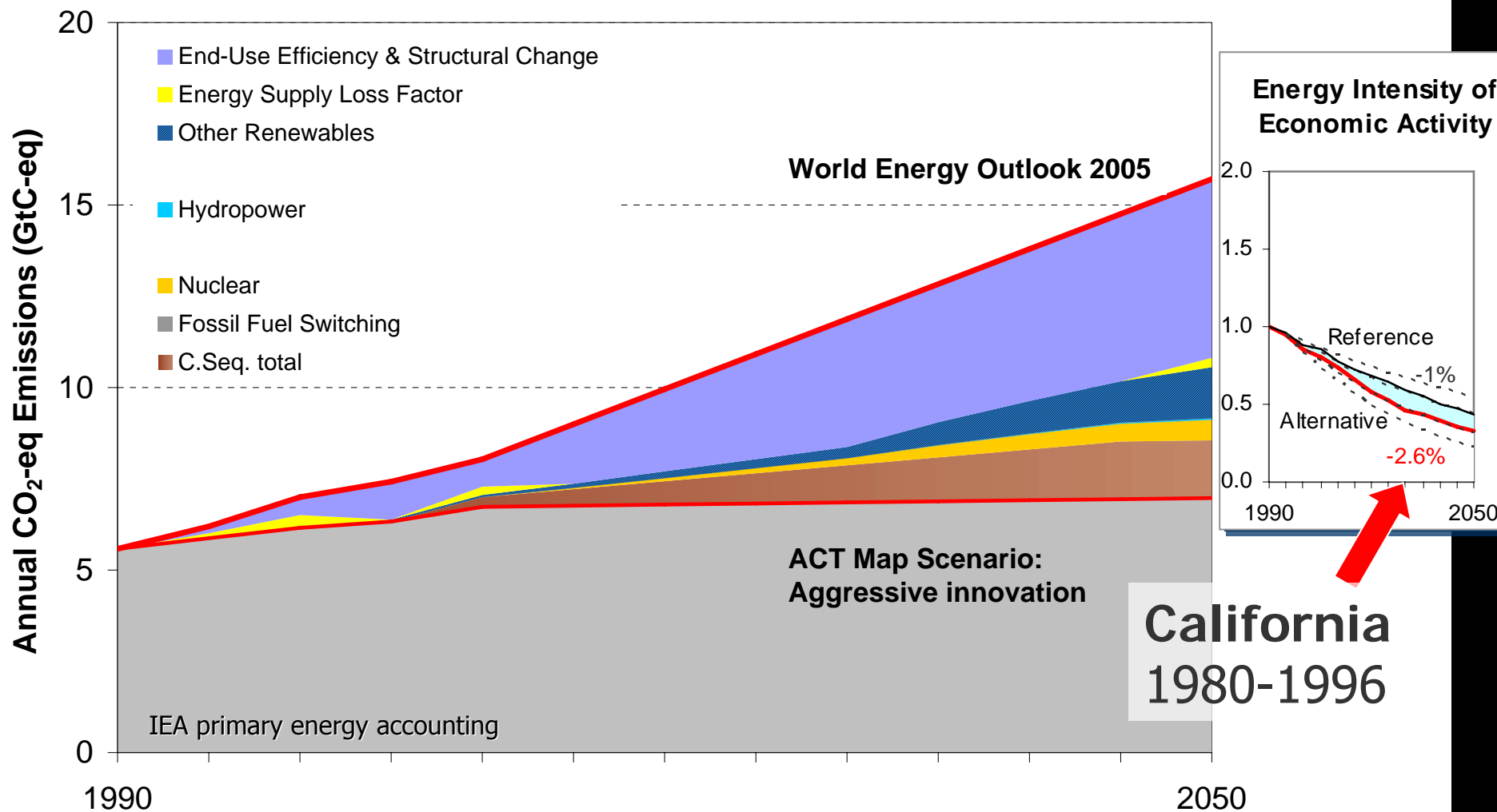
International Energy Agency, World Energy Outlook 2006



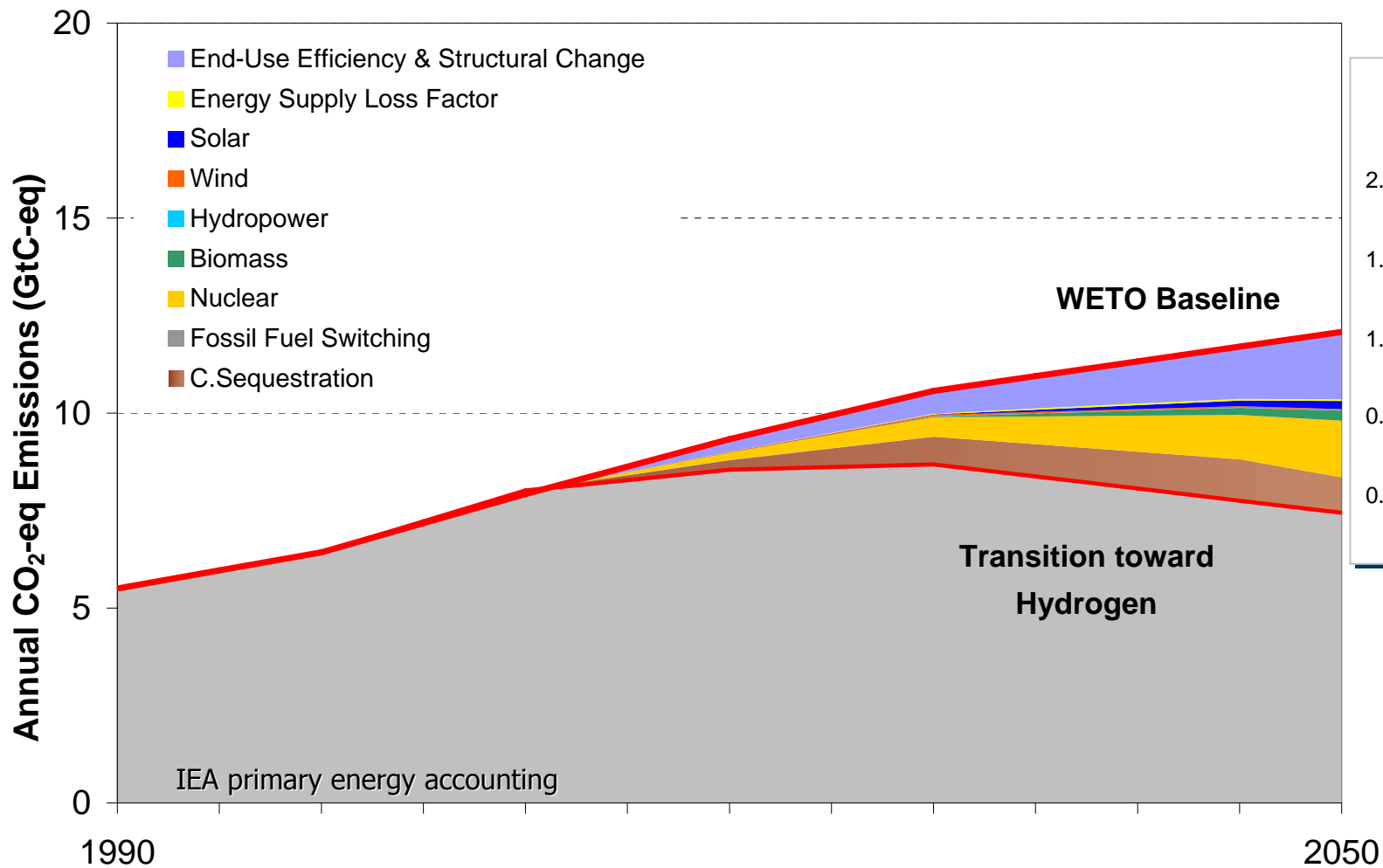
International Energy Agency, Energy Technology Perspectives



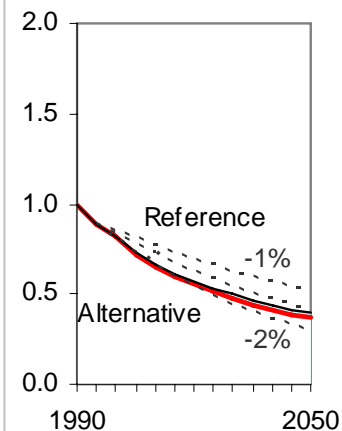
International Energy Agency, Energy Technology Perspectives



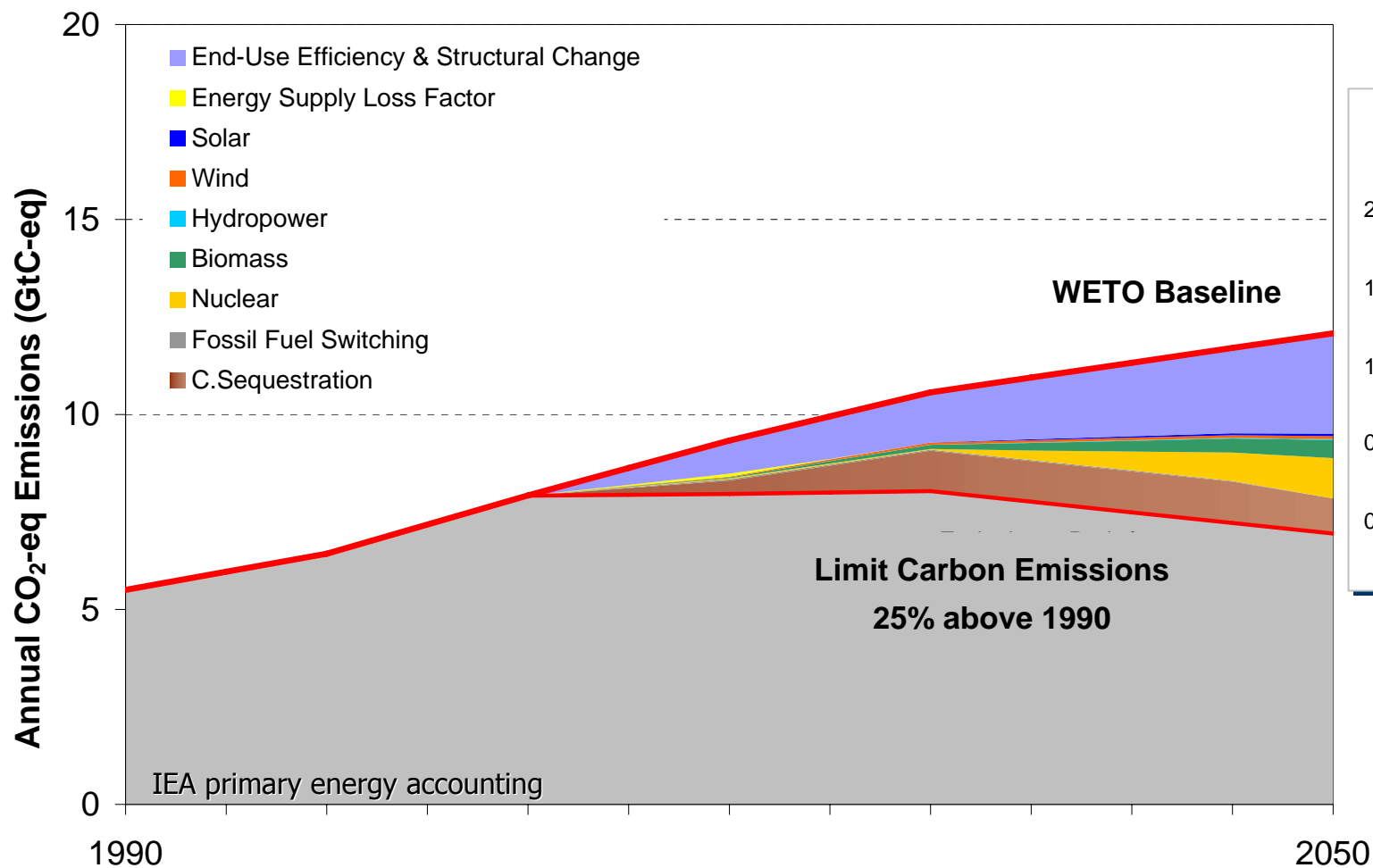
World Energy Technology Outlook 2050 (EU)



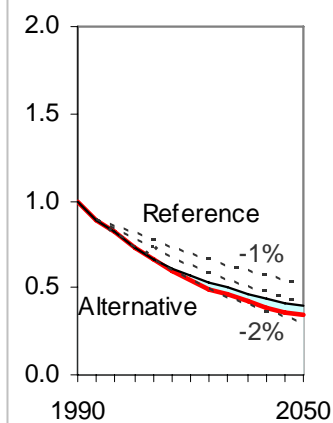
Energy Intensity of Economic Activity



World Energy Technology Outlook 2050 (EU)




Energy Intensity of Economic Activity



Exploring Energy Futures

model agnostic

- Constructing a  common framework for interpretation
 - How do policy interventions affect key drivers of emissions?
 - What are the sources of mitigation in stabilization scenarios?
 - Accounting for direct equivalent energy accounting
- Insights from analyzing several widely-cited energy scenarios
- What is the role of energy efficiency?
- Summary of findings, and your questions

Summary of Findings

- When sufficient data is disclosed, **two decomposition techniques demonstrated can be applied to a wide range of energy scenarios** to perform initial validation and assessment of diverse energy futures from a variety of sources, including bottom-up and top-down models.
- This type of analysis is necessary for **discerning policy-relevant implications** of scenarios generated with (infeasible) **proxy policy interventions**. (Burden sharing for a cap-and-trade proxy policy is needed to produce relevant regional results.)
- **Data disclosure practices** should be improved to provide at least the fields needed to identify sources of mitigation and impact on key drivers of emissions.
- The **direct equivalent method** deserves more attention, even reconsideration (esp. for nuclear power), and must not be ignored in any policy analysis that promotes fuel switching.
- This **analysis is model agnostic**, and it does not investigate the origins of demand reduction values from each model – whether using an AEEI function or a marginal cost curve for demand reduction. Data for either were difficult to gather.

Summary of Findings

- Application of these decomposition techniques indicate that the **contribution of energy efficiency is often understated**, straining energy supply options and leading scenarios to deploy high-risk technologies on a large scale.
- **Environmental and social impacts** of most large-scale supply-side mitigation have not been well investigated. (“We tend to like best the things about which we know the least.”)
- Even when efficiency is taken into account, **the level of effort implied by stabilization scenarios is staggering**.
- **Serious climate policy** will include both price mechanisms and technology policy. Price mechanisms will only succeed with **responsive energy markets and stable governance**.
- **We are all decision-makers in a “choose your own adventure” world.**



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solutions



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE

Climate Change 2007: The Physical Science Basis

Summary for Policymakers

Contribution of Working Group I to the Fourth Assessment Report of the
Intergovernmental Panel on Climate Change



World Energy Outlook 2006

Special Report on Energy Scenarios

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